

CHAPTER I

TECHNIQUE AND REVOLUTION

In the issue of the *Automobile Engineer* for March 1931, appeared an article on "The Machine Tool: An Analysis of the Factors Determining Obsolescence."

This article was not written as a criticism of existing society. It was written, with considerable detail statistical calculations, to assist employers or their technical managers to determine under what conditions the installation of new high-production machinery can be profitable. Nevertheless the conclusions reached were in the highest degree revolutionary.

The first conclusion was to the effect that, quoting the words of a paper of Mr. H. C. Armitage to the Institute of Automobile Engineers: "high-production machines that are being developed in America cannot be economically used in this country." The reason given was "because existing British plants can already produce more rapidly than the products can be disposed of. . . . The statement has been made many times that American factories in the main industries could more than supply the world's needs, even if all other supply sources closed down." On this ground, objection was taken to the common complaint of "uninformed critics of British industry" that British employers had fallen behind in the race because of maintaining "hopelessly out-of-date factory equipment."

On the contrary, in fact, the British capitalists knew very well what they were doing when they left their German and American rivals during the decade after the war to install gigantic modern equipment of large-scale production at heavy expense, requiring heavy maintenance costs and an enormous market, while they themselves preferred mainly to concentrate on speeding up and driving harder their labour on relatively older machinery, requiring less maintenance costs and a smaller market; on this basis they have been better able to meet the crisis than their German and American rivals.

The second conclusion went even further and declared that this principle now applied also to American industry:

The time has now arrived when Mr. Armitage's remarks may be widened to a statement that the latest machine tools now being developed in America cannot even be economically used in the United States.

That is to say, the most modern developments of technique can no longer be utilised in even the most advanced countries of capitalism.

The third conclusion provides the complement to the first two. One market, it is pointed out, still remains for the most advanced machine tools. That market is the Soviet Union.

American machine-tool makers, having a range of equipment sufficient to meet the needs of the American production plants, have supplied to Russia machine tools outside this range, specially designed to obtain still faster production. An excessive price has been demanded for these special machines on the ground that, while the tools show an improvement in output speed on their standard lines, they have no immediate prospects of finding other customers for them, there being no demand outside Russia for faster production than can be obtained with existing models.

Thus, according to the testimony of this technical engineering journal, the most modern developments of technique, making possible the most extensive and rapid production with the minimum of labour, can no longer be utilised in the countries of capitalism, where they have originated, but can only be utilised to-day in the country of socialist construction, in the Soviet Union.

The significance of this present stage of technique and society here revealed—and this example is only one of ten thousand constantly arising in every direction in the present period—requires no emphasis. Here, as in a single crystal, is expressed the whole present stage of the general crisis of capitalism, of the exhaustion of the possibilities of productive advance within the fetters of the old private property ownership, and the necessity of the socialisation of production as the sole condition for further development.

In the situation that this picture reveals lies the real root of the issue of Fascism or Communism. In this situation lies the basic cause why precisely at the present stage of social develop-

ment the issue of Fascism or Communism inescapably confronts existing society.

I. *The Growth of the Productive Forces.*

A century ago, Robert Owen, on the basis of his experience as a successful manufacturer, noted the contradiction between the new social productive labour and the private appropriation of the fruits:

The working part of this population of 2,500 persons (in New Lanark) was daily producing as much real wealth for society as, less than half a century before, it would have required the working part of a population of 600,000 to create. I asked myself, what became of the difference between the wealth consumed by 2,500 persons and that which would have been consumed by 600,000?

(Robert Owen, *The Revolution in the Mind and Practice of the Human Race*, 1849.)

The contradiction of capitalism was thus already clearly seen by Owen on the basis of his conduct of the model factory of New Lanark from 1800 to 1829. But the criticism remained an idealist criticism. For capitalism in this period, despite all the cruelty and poverty involved in its process, was still ascending; it was still able to organise and develop the productive forces; it was still a progressive factor, carrying through the transformation from wasteful and uneconomic small-scale production to modern large-scale production, and thus preparing the material basis for the future society. The critique of capitalism in this period by Owen and others remained utopian.

The answer to this type of critique of capitalism was provided by Marx in his discussion of a similar line of argument of Proudhon:

In 1770 the population of the United Kingdom of Great Britain was fifteen millions and the productive population three millions. The scientific power of production would about equal a population of twelve more millions; thus making a total of fifteen millions of productive forces. Thus the productive power was to the population as 1 is to 1, and the scientific power was to manual power as 4 is to 1.

In 1840 the population did not exceed thirty millions; the productive population was six millions, while the scientific power amounted to 650 millions, that is to say, it was to the whole population as 21 to 1, and to manual power as 108 to 1.

In English society the day of labour had thus acquired in seventy years a surplus of 2,700 per cent. of productivity, that is to say that in 1840 it produced twenty-seven times as much as in 1770. According to M. Proudhon it is necessary to put the following question: Why is the English workman of 1840 not twenty-seven times richer than the workman of 1770?

In putting such a question one would naturally suppose that the English had been able to produce these riches without the historical conditions in which they were produced—such as: the private accumulation of capital; the modern division of labour; the automatic workshop; anarchic competition; the wage system, and, in fine, all that which is based upon the antagonism of classes—having to exist. But these were precisely the necessary conditions for the development of the productive forces and of the surplus of labour. Thus it was necessary, in order to obtain this development of the productive forces, and this surplus of labour, that there should be some classes which thrive and others which perish.

(Marx, *Poverty of Philosophy*, I, 3.)

This basic conception of the capacity of development of the productive forces as the measure of a progressive or reactionary social order is no less strongly expressed in Marx's praise of Ricardo:

The reproach moved against him, that he has an eye only to the development of the productive forces regardless of "human beings," regardless of the sacrifice in human beings and capital values incurred, strikes precisely his strong point. The development of the productive forces of social labour is the historical task and privilege of capital. It is precisely in this way that it unconsciously creates the material requirements of a higher mode of production.

(Marx, *Capital*, Vol. III, Kerr edition, p. 304.)

The Marxist critique of capitalism thus basically differs from the utopian school still surviving in the so-called "English Socialism." The Marxist critique recognises the historical role of capitalism in the development of the productive forces. But the Marxist critique laid bare, already nearly a century ago when no other economists or thinkers had the slightest glimmering of the future line of development, that the inner laws of capitalist development would inevitably lead to a stage at which capitalism could no longer organise the productive forces, but could only result in successively more violent crises, stagnation and decay, and at which only the new social class, the proletariat, freed from the limitations of private property, could

alone organise the social productive forces to a higher level. This is the heart of Marxism, whose political expression is the dictatorship of the proletariat as the necessary condition of the solution of the problems of the present epoch.

It is this culminating stage of capitalism that we are at present living through—the stage of imperialism or capitalism in decay, and, more particularly now since 1914, the stage of the *general crisis of capitalism*, or final phase within imperialism, when the forces of production are in ever more violent conflict with the cramping fetters of the existing property relations of production, when capitalism in more and more obvious decay is faced with the advance to victory of the proletarian social revolution, and when capitalism in decay is resorting to every device and expedient to maintain its power.

Let us note first the gigantic growth of the productive forces since the early criticisms of a century ago.

The following table gives the growth of industrial machine-power, omitting motor-transport power, in the past century, in millions of horse power (one horse power is commonly calculated as equivalent to the muscular power of six men).

GROWTH OF INDUSTRIAL MACHINE POWER.

(in million horse power)

	United Kingdom	France	Germany	U.S.A.	Extra-European countries (other than U.S.)	World
1835	0.3	0.02	0.01	0.3	0.01	0.65
1875	6	3	4	7.8	1.9	26.5
1913	28.5	12.5	21	86	31	211
1928	37	18.5	32	162	93	390

(Hausleiter, *Revolution in der Weltwirtschaft*, 1932, published in English under the title *The Machine Unchained*, 1933.)

A century ago, we have seen, it was already complained that productive power had increased twenty-seven times over in England in the previous seventy years without any corresponding improvement in the standards of the workers.

But in the century since 1835 industrial machine power multiplied a further hundred times over in England, and six hundred times over in the whole world—and has ended in mass starvation and unemployment without equal.

In the decade and a half alone between 1913 and 1928 industrial machine power in Europe has increased 50 per cent.,

in the United States 100 per cent., and in the extra-European countries other than the United States 200 per cent.

The inclusion of all forms of power would bring the world total to something like 1,500 million horse power.

On this basis Stuart Chase in his *Machines and Men* (1929) has estimated the machine power of the world as representing the muscular power of 9,000 million additional men, or equivalent to five slaves for every man, woman and child of the human race.

Between 1913 and 1927 electrical power production, according to the report on "Power Resources of the World" presented to the World Power Conference in 1930, increased from 47,000 million units to 200,000 million units. Between the first and second World Power Conferences in 1924 and 1930, electrical output doubled from 150,000 million units to 300,000 million units (*Economist*, 21 June, 1930.)

This expansion of productive power has most strongly affected manufacturing industry, but has also affected agriculture and the output of raw materials, not in equal degree, but far outstripping the growth of human population.

Already by 1890, according to Hausleiter (*op. cit.*) the costs of agricultural production in the great Grain Circle (United States, Canada, Argentina, Australia) had been reduced by mechanisation to one quarter of the costs of the old production by hand-labour in 1830.

Between 1890 and 1921, according to the report of the Senior Trade Commissioner in Canada for May 1930, further mechanisation of agriculture and extension of the area of cultivation had multiplied the yield of wheat per agricultural worker fivefold:

Mr. Field lays great stress on the rapidity with which power-driven machinery is displacing labour in Canadian agriculture. Whereas in 1890 13½ bushels of wheat were grown for each rural dweller, there were seventy in 1921; and as the most revolutionary machine, the combined reaper and thresher was only introduced in 1924, the output per worker must now be a great deal higher. Moreover, the scope for the mechanisation of agriculture has by no means yet been fully exploited.—(*Economist*, September 8, 1930).

Between 1920 and 1929 the number of tractors in the United States increased from 246,000 to 843,000 (*U.S. Yearbook of Agriculture*, 1930).

Between 1900 and 1924-8 the harvests of all cereals increased in Australia 104 per cent., in the Argentine 172 per cent., and in Canada 330 per cent. Between 1913 and 1928 the volume of world grain exports increased 147 per cent. In the same period world population increased 11.6 per cent.

The old ignorant Malthusian notions of absolute "overpopulation," or the modern lugubrious chants of birth-control as the necessary solution of poverty, are thus abundantly exploded by facts. It is worth noting that this reactionary propaganda is still maintained, not only in clerical and conservative quarters, but also by the would-be "progressive" (actually, as we shall have occasion to see, one of the real bulwarks of conservatism in England) Labour Party. The Labour official organ writes:

The figures published by the League of Nations show that the world population, already 2,012,000,000, is increasing by 20,000,000 a year.

That means that unless the rate of increase is checked, it will have doubled in far less than a century; for the increase is, as it were, at compound interest.

There is not the least reason for assuming that the "march of progress" will automatically provide ways and means of feeding and supporting that doubled population.

There is only too much evidence—in India and China for example—that the overcrowding of a too big population brings with it appalling conditions of misery.

Either an unendurable suffering, or the "natural checks" of famine and pestilence and a high death rate. Or, on the other hand, a deliberate and conscious lowering and controlling of the birth rate. Those are the alternatives that face humanity.

(*Daily Herald* editorial, August 8, 1932.)

Fortunately, these are not the alternatives that confront humanity to-day. The alternatives that confront humanity to-day are serious enough; but they are alternatives of the destruction and anarchy of capitalism, involving still greater poverty and misery in the midst of abundance and rising productive power, or the social organisation of production, bringing abundance for all. The "overpopulation" (like the simultaneous "overproduction") is only relative to the capitalist conditions of production. Against this reactionary and vicious propaganda, concealing under cover of obsolete clerical superstitions the true social causes of poverty and misery (concealing

also, characteristically enough, the role of imperialism in India in creating poverty) may be quoted the opinion of the leading international statistician, Sir George Knibbs, who estimated that even with present resources and technique the earth could easily maintain four times the present population at a good standard.

The late Sir George Knibbs . . . estimated after a careful survey that the earth could well support a population four times as great as at present, or about eight thousand million.

(Dr. R. A. Fisher, of the Statistical Department of the Rothamstead Experimental Station, *Spectator*, March 7, 1931.)

The facts of the crisis show a very different picture to the cant of "overpopulation" outstripping natural resources. Already by 1925, according to the reports presented to the 1927 International Economic Conference at Geneva, despite the destruction of the world war, world production of foodstuffs and raw materials had risen over pre-war by 16 to 18 per cent., against an estimated increase of population by 5 per cent. Between 1913 and 1928, according to the League of Nations Economic Section, world production of foodstuffs and raw materials had increased by 25 per cent., of foodstuffs by 16 per cent., of raw materials by 40 per cent. (of industrial products enormously more), against an estimated increase of world population by 10 per cent.

World stocks of primary products, on the basis of 1923-5 as 100, increased by the end of 1926 to 134, by 1928 to 161, by 1929 to 192, by 1930 to 235, by 1931 to 264, and by the end of 1932, despite all the destruction of stocks, still stood at 263, or more than two and a half times the volume of eight years before (*Economist*, May 6, 1933). World stocks of manufactures showed a less overwhelming accumulation only because "the existence of a large volume of unemployed but immediately available factors of production" has the same effect in the sphere of manufactures "corresponding to that exercised by enormous stocks of primary products" (*ibid.*, May 13, 1933).

The growth of production in every direction, whether of foodstuffs, raw materials or manufactures, has thus greatly exceeded the growth of world population. And the increase of productive power, which has only been partially and incompletely used under capitalist conditions, with many artificial

limitations and restrictions, has been in reality enormously greater than the actual growth of production.

But this gigantic increase of productive power has outstripped the capacity of capitalism to organise it.

The outcome of this gigantic increase of productive power has been world crisis, stagnation and closing down of production, mass unemployment, mass impoverishment and the lowering of standards, on a scale without parallel since the beginning of capitalism, accompanied by growing social and political disturbance and recurrent war.

This problem is the basic problem confronting present-day society.

2. *The Conflict of the Productive Forces Against Existing Society.*

This is the world situation which reveals that the system of capitalist relations, the capitalist class ownership of the means of production, has outlived its progressive role, and has become a fetter on the organisation of production.

The world war was the beginning of the violent explosion of this conflict, of the conflict between the ever-growing productive forces and the limits of existing property-society. Since 1914 we have entered into a new era, the era of the general crisis of capitalism and of the advance of the world socialist revolution.

The world economic crisis which opened in 1929 has brought these issues of the present stage of society, and of the basic economic contradictions underlying them, more sharply to the general consciousness than ever before. But the significance of this world economic crisis is commonly seen through too narrow spectacles. It is seen as a special temporary disorganisation breaking in on an otherwise harmonious and smoothly working economic mechanism. Alike in the pessimistic and the optimistic readings of its significance the proportions have tended to be lost. Just as the extreme low depths of depression produced almost universal utterances of pessimism and apocalyptic gloom from the leaders and professors of capitalism, so the first signs of an upward movement produced a universal sigh of relief and reprieve, as if the worst were over and all might yet be well again. In fact, "the devil was sick."

But the real significance of the world economic crisis, which has so greatly exceeded in its scope all previous economic crises,

can only be correctly understood in relation to the whole development of capitalism, and in particular the development of capitalism during the last two decades—that is, in relation to the *general crisis of capitalism* which opened in 1914.

The general crisis of capitalism should not be confused with the old cyclical crises of capitalism which, although demonstrating the inherent contradictions of capitalist relations, nevertheless constituted an integral part and direct factor in the ascent of capitalism. The cyclical crises, as illustrated in 1920-1 and 1929, continue, but take on a new and intensified character in the period of the general crisis.

The old cyclical crises were, according to Marx, “always but momentary and forcible solutions of the existing contradictions, violent eruptions, which restore the disturbed equilibrium for a while” (*Capital III*, p. 292). Their characteristic feature was to solve the contradictions, albeit by anarchically violent and destructive means, to restore the *equilibrium*, and permit of the resumption of production on a *higher* plane. They weeded out the smaller and less efficient concerns; they wiped out a portion of capital values in order to save the remainder; they effected a concentration of capital; they compelled a drive to open up new markets. On this basis they permitted, after a relatively short period, the resumption of capitalist production at a higher level.

Elements of this character can also be traced in the post-war world economic crisis; but these “progressive” elements are overshadowed by the major, negative effects of the whole process of the development of the cyclical crisis on the basis of the general crisis of capitalism, in the consequent destruction of stabilisation and hastening of revolutionising processes.

For the general crisis of capitalism admits of no such solution. The domination of the imperialist Powers has already been expanded to its maximum extent throughout the world; monopoly capitalism, which had already divided up the greater part of the world by the beginning of the twentieth century, and by 1914 was at war over its re-division, is now faced with a still sharper situation of contradictions, not only between the imperialist Powers, but also between imperialism and socialism. So far from there being available new regions to open up, one sixth of the world has passed out of the sphere of capitalism into that of the social revolution; the colonial peoples are rising in revolt; the world available for capitalist exploitation has begun

to *contract*. At the same time the growth of productive power is greater than ever, the extreme crisis, competition and war forcing forward technical development at an unheard of pace. Under these conditions there is no room for a harmonious solution, but only for ever more violent conflict. The upward movements within the general crisis become ever shorter; depression becomes the normal, broken by short upward movements and violent social and political explosions; the recurrence of the old cyclical crisis within the general crisis takes on a new intensity.

The general crisis of capitalism has now continued for twenty years without a break, only changing one form for another. The violent explosion of the world war only gave place to the still more profound struggle of revolution and counter-revolution throughout the world. The defeat of the revolution in the countries outside the Soviet Union brought no solution and peaceful development, but only laid bare the post-war chaos of capitalism. The temporary stabilisation and upward movement of the middle 'twenties proved only a false and illusory stabilisation; “the prosperity of the period 1923-29 was to a large extent illusory; and the seeds of future trouble had already been sown” (British Government Note to the United States, December 1, 1932). Its only outcome was the new form of the basic contradiction expressed in the extreme world economic crisis which began in 1929 and continues now in its fifth year. This in its turn breaks out into new and violent explosions in the spread of Fascism and the visibly approaching second world-war.

Already in the closing years of his life Engels noted the approach of a new era; “there is now no doubt that the position has changed fundamentally by comparison with formerly”; “we have entered upon a period much more dangerous for the old society than that of the ten-year cycles”; “the crises become chronic” (Engels, letter to Bebel, January 20, 1886). In 1909 Kautsky, writing then as a Marxist theorist, in his *Path to Power*, exposed the revisionist illusions of gradual and peaceful progress, and demonstrated the now close entry of capitalism into a period of violent explosions. In 1916 Lenin in his *Imperialism* laid bare the foundations of the new period as the period of monopoly capitalism, in which all the contradictions come to a head, of decaying capitalism, of the eve of the

socialist revolution, the period which broke into violent explosion in 1914.

Up to 1913 capitalist production, despite the increasing tendencies of decay already visible in imperialism, was still able to maintain an almost continuous ascending line.

For many decades before the war, world production, according to the best estimates available, increased with remarkable regularity of trend, broken only in minor degree by successive crises. This trend of increase ran through both the period of declining prices from 1873 to 1895, and the period of rising prices from 1895 onwards.

(League of Nations *World Economic Survey 1932-3*, p. 68.)

Between 1860 and 1913, according to the tables presented in this publication, world production of basic commodities ascended in an almost continuous line and multiplied from four to five times. World industrial production ascended in an almost continuous line and multiplied over six times.

But the twenty years since 1914 reveal a different picture.

If the line of trend from 1860 to 1913 is extended to 1932, the rather startling conclusion is reached that the index of world production, on the hypothesis that nothing had occurred to alter its regular upward trend for the fifty preceding years, would to-day be rather more than twice as great as it actually is. (*ibid.*, p. 82.)

The present world economic crisis is without precedent:

There is no precedent for such a marked decline. Statistical series ranging back to 1860 fail to reveal any previous period in which the decline in either raw material production or manufactures has been so precipitate or so severe. Independent estimates agree that in 1932 the level of industrial production in the world as a whole fell below that of 1913. (*ibid.*, p. 82.)

Thus the war and post-war period, taken as a whole, reveals the first large-scale absolute setback of capitalist production.

The attempt is often made, on the basis of the above facts and figures, to argue that, since 1914 appears as the great dividing point, therefore the war is the cause of all the present maladies. Comparisons are sometimes made to the post-Napoleonic period of unsettlement, revolutionary unrest and the industrial revolution; and the inference is drawn that the troubles of the present period are also troubles of post-war unsettlement and of the "second industrial revolution,"

heralding a no less great expansion within the forms of capitalism.

This very superficial approach to the real historical movement of two entirely different periods, and to the crux of modern world problems, is demonstrably incorrect both in fact and in reasoning.

In the first place, no comparison is possible between the post-Napoleonic period of young and ascending capitalism and the twentieth century period of old and declining capitalism. Fifteen years after the Napoleonic wars, production, trade and employment were gigantically above the pre-war level; capitalist society was bounding forward. Fifteen years after the war of 1914-18 production, trade and employment are actually below the pre-war level; capitalist society is in a greater dilemma than ever, greater than even in the period succeeding the war. The dislocation, instead of diminishing as the war recedes, actually increases; it is greater fifteen years after the war than it was ten years after the war. It is obvious that some deeper factor is at work than the disturbances consequent on the war. At the same time, the social and political issues of the two periods are basically different. The issue of the first half of the nineteenth century was still the issue of the bourgeois revolution, which swept forward through the processes of the Napoleonic wars and after, despite the seeming victories of reaction. The issue of the first half of the twentieth century is the issue of the proletarian social revolution, which began its advance in the conditions of the war of 1914-18, and which maintains its growing strength in the midst of the capitalist reaction.

In the second place, it is not correct that the division between before 1914 and after 1914 is a simple and absolute division between the ascent and the descent of the level of production. On the contrary, the actual level of production in 1927-9 was for the short period of the boom higher than the pre-war level; the real growth of the contradictions, which was to find expression in the subsequent slump falling below the pre-war level, lay elsewhere. The true measure of the decline and bankruptcy of the existing capitalist order lies, not in any simple arithmetical figures of the level of production, but in the growth of the contradictions of the existing society to bursting point, in the growth of the contradiction between the potential pro-

ductive power and the actual production, between the conditions of existence of the bourgeoisie and of the proletariat, between the rival imperialist Powers, and the consequent expression of these in social and political explosions. It is in this sense that the general crisis of capitalism dates from 1914, but its causes lie in the whole conditions of the imperialist epoch.

Finally, and in consequence of the above, the world war of 1914-18, so far from being the cause of the crisis of capitalism, was on the contrary itself only an expression and breaking out of the crisis—a link in the chain of imperialist development. The war was no arbitrary, accidental unforeseeable first cause, suddenly breaking in from nowhere to change the whole course of development. It was the direct consequence of the conditions of imperialism, which was itself the direct outcome of the previous nineteenth-century capitalist epoch. It was fully foreseen, and even predicted in detail for years beforehand, as the outcome of the growing tensions of imperialism. Its outbreak coincided with the gathering industrial crisis which was already beginning in America in 1913, and spreading therefrom to hover menacingly over Europe. As the war-leader, Lloyd George confessed nearly twenty years after, the war appeared as the way out from the gathering crisis, which he is now convinced would have in any case developed, even had the war not broken out at that point:

If we had not had a great war, if we had gone on as we were going, I am sure that sooner or later we would have been confronted with something approximately like the present chaos. There must be something fundamentally wrong with our economic system, because abundance produces scarcity.

(Lloyd George, speech at Cambridge, *Manchester Guardian Weekly*, April 7, 1933.)

The fact that the dynamic of capitalist development, even after the direct destruction caused by the first world-war has been repaired, only reverts to the recurrence of still more gigantic economic crisis and the visible approach to a second world-war, shows how little of "accident" there was in the basic development of capitalism through imperialism to world war, however large the role of "accident" may appear to be in the particular historical manifestations of the process.

In order to understand the problems of the present epoch of the general crisis of capitalism, it is essential to be able to see

deeper than the immediate surface manifestations and episodes, whether of the world war of 1914 or the world economic crisis of 1929, and to understand these in relation to the general line of development, of which they are expressions. The general crisis of capitalism, the conflict of the productive forces against the existing relations of production, expresses itself in a whole series of successively growing conflicts and explosions, up to the final victory of the proletarian social revolution. It is in relation to this development of the general crisis of capitalism that Fascism is a further stage and episode.

3. *Productivity and Unemployment.*

The development of the productive forces has rendered the old class-society obsolete.

Already before the end of the war the leading trust magnate, Lord Leverhulme, estimated that, if the then existing productivity were organised, one hour's work per week of all citizens would provide the necessities of life for all:

With the means that science has already placed at our disposal, we might provide for all the wants of each of us in food, shelter and clothing by one hour's work per week for each of us from school age to dotage.

(Lord Leverhulme: Preface to Professor Spooner's *Wealth from Waste*, Routledge, 1918.)

That was fifteen years ago. In the intervening decade and a half, according to the engineer, J. L. Hodgson, in his paper on "Industrial and Communal Waste" before the Royal Society of Arts on June 20, 1932, in the course of which he quoted and accepted Lord Leverhulme's statement, "since that date our average potential productivity has nearly doubled." One half-hour's work per week should thus provide a minimum standard for all, and one hour's work per week an overwhelming abundance.

Why should this almost immeasurable increase in productive power and the possibility of universal abundance result in universal impoverishment and lowering of standards?

This is the question that confronts the whole human race, that is becoming a life and death question for the nineteen hundred million human beings of the capitalist world outside the Soviet Union, to which these hundreds of millions must find the answer or go down in catastrophe.

It is evident that what is here in question is no natural or technical causes, but only social causes—that there is no social organisation of production.

This question is sharpened by the contrast of the productive increase in the Soviet Union alongside the actual decline of capitalist production. Between 1925 and 1932 industrial production in the Soviet Union (on the base of 1925-9 as 100) increased from 59 to 240; the corresponding figure for the United States decreased from 95 to 58, for Britain from 99 to 86, and for Germany from 89 to 66 (*League of Nations World Production and Prices, 1925-1932*, p. 49). Between 1929 and 1932 industrial production in the Soviet Union increased by 65 per cent. and in the capitalist world as a whole decreased by 37 per cent. (*League of Nations World Economic Survey, 1932-1933*, pp. 85 and 71).

The most glaring and direct living expression of this present stage of the contradiction between the growth of the productive forces and existing society is the spread of mass unemployment throughout the capitalist world, already before the onset of the world economic crisis, and reaching a total at the height of the world economic crisis, in 1933, according to official figures, of thirty millions, and according to unofficial figures of fifty millions.

Britain, the oldest capitalist country, and the most advanced in decay, first reached this basis of permanent mass unemployment. This situation revealed itself in the winter of 1920-21, and has continued up to the present without a break; in the beginning of 1933 the Chancellor of the Exchequer staggered the House of Commons by announcing that he calculated on the continuance of such mass unemployment for the next ten years. The other countries in the succeeding years reached a similar and even more extreme basis (running at the highest point to eight millions in Germany and fourteen millions in the United States).

Unemployment at a certain level has always been present in capitalism. The development of production in capitalist conditions has always displaced workers and independent producers, and thus created the industrial reserve army which was indispensable to meet the fluctuations of capitalist production and to maintain the proletariat in subjection. But this industrial reserve army was a part of the machinery of expanding

capitalist production; the absolute number of productive workers employed successively grew. It is only since the war that the new phenomenon appeared of a permanent unemployed army, grudgingly kept just alive at the lowest level of subsistence by the bourgeoisie, while the absolute number of productive workers employed has directly decreased.

Of the possibility of such a stage of chronic unemployment and absolute decline of the productive workers, Marx wrote:

A development of the productive forces which would diminish the absolute number of labourers, that is, which would enable the entire nation to accomplish its total production in a shorter time, would cause a revolution, because it would render the majority of the population superfluous.

(Marx, *Capital*, III, p. 309.)

Engels wrote in 1886:

America will smash up England's industrial monopoly—whatever there is left of it—but America cannot herself succeed to that monopoly. And unless *one* country has the monopoly of the markets of the world at least in the decisive branches of trade, the conditions—relatively favourable—which existed here in England from 1848 to 1870, cannot anywhere be reproduced, and even in America the condition of the working class must gradually sink lower and lower. For if there are three countries (say, England, America and Germany) competing on comparatively equal terms for the possession of the world market, there is no chance but chronic overproduction, one of the three being capable of supplying the whole quantity required.

(Engels, letter to Mrs. Wischnewetzky, February 3, 1886, reprinted in *Briefe von Becker, Dietzgen, Engels, Marx an Sorge und Andere*, Stuttgart, 1921, p. 210.)

To-day we are face to face with this situation. The position in America is reported as follows:

The United States Commissioner for Labour Statistics recently stated that if 200 out of the 1,357 boot and shoe factories in the country worked full time, they could satisfy the whole existing demand, and the remaining 1,157 establishments could be closed down. Similarly, 1,487 out of the 6,057 bituminous coal mines could produce all the coal that was needed.

(H. B. Butler in the *International Labour Review*, March 1931.)

Between 1919 and 1927 factory output in the United States rose from 147 to 170, on the basis of 1914 as 100, while the

employment index fell from 129 to 115 (*Times*, March 8, 1930). Between 1919 and 1929 the Federal Reserve Board index of industrial production (1923-5 as 100) rose from 84 to 119; while the number of industrial wage workers fell from 9,039,000 to 8,742,000 (*United States Statistical Abstract*, 1932). This absolute decline in employment was before the collapse, during the great upward boom.

Britain reveals a similar picture. Between 1913 and 1928 the increase in output per head of workers employed in thirty principal industries in Great Britain was 33 per cent., but the increase in employment was 2.2 per cent., or less than the increase in population (*Times Trade Supplement*, July 23, 1932). Still more marked is the process if the post-war period is taken alone. Between 1923 and 1928 the number of insured workers in employment fell from 8,368,000 to 7,898,000; the index of production (London and Cambridge Economic Service, based on 1913 as 100) rose from 88.7 to 96.3. Production rose 7.6 per cent.; employment fell 5.6 per cent. And all this before the world economic crisis began to make the heaviest effects of the process felt.

What is to happen to the "superfluous" workers? For long, the old theory of "alternative employment" was still endeavoured to be put forward as applicable to this situation. The decline in the industrial productive workers was to be "compensated" by the increase of auxiliary "services" and luxury occupations (clerical, distributive, advertising, commercial, and luxury services). Certainly, a very considerable increase in these auxiliary and in the main non-productive occupations is to be traced in the United States, Britain and other countries during the post-war period, thus providing the basis of the rapid expansion of the so-called "new middle class," which became one of the breeding-grounds of Fascism; just as the growth of the permanent unemployed army provided a further breeding-ground. The expansion of the rentier class on the one side, and of luxury services and endlessly multiplied "salesmanship" services on the other, is a measure of the degeneration of capitalism.

The capitalist mode of production, while on the one hand enforcing economy in each individual business, on the other hand begets by its anarchical system of competition the most outrageous squandering of labour power and of the social means of production,

not to mention the creation of a vast number of employments at present indispensable, but in themselves superfluous.

(Marx, *Capital*, I, p. 540.)

Nevertheless, this supposed "compensation" was soon revealed as a doubtful solution. In the first place, it was manifestly no solution for the millions of miners and heavy industry workers thrown out of work. In the second place, the extent of "compensation" had obvious limits which were soon reached. For in these occupations, too, rationalisation begins to get to work and to repeat the process of throwing off the superfluous workers. Mechanisation transforms clerical work, and begins increasingly to replace clerks by more and more elaborate calculating and book-keeping machines; centralisation cuts down the number of competing businesses; staffs are reduced. The "white-collar workers" also find themselves increasingly thrown on the market alongside their industrial brothers.

Increasing doubts of the whole process and its outcome, as well as of the stock explanations and solutions, found expression in an editorial of the *London Times* in 1930 on "American Unemployment" (characteristically endeavouring to treat the problem as an "American" problem, but in fact describing equally unemployment in Britain):

It is difficult to avoid the conclusion that unemployment must henceforth be counted as a permanent American (!) problem. To ascribe its occasional recurrence in an acute form to some special event is no less delusive than to explain it as a merely "seasonal" manifestation. . . . The experience of recent years has gone to prove that recovery is less and less complete after each crisis, and to show that forces other than the seasonal and the accidental are at work. There is little reason to doubt that permanent unemployment is to-day the lot of an always growing number of American (!) men and women.

On this basis doubt is expressed of the whole system of "mass-production," i.e., of capitalist large-scale production:

The advantages residing in a system which relies on the mass production of standardised articles deserve more critical examination than they have yet been given.

The current answers of "the apologists of the system," that the reduced costs of production and therefore reduced price means

increased demand and consequent re-absorption of the unemployed, are "no longer altogether convincing":

It is still doubtful whether the increased production can always be absorbed; it is a very large question whether new industries are created quickly enough to employ the displaced workers. In other words, it remains to be seen how perilously the machine has run ahead of man, and whether some re-adjustment of social condition may not ultimately be imperative. The question drives like rain to the roots of American (!) life. (*Times* editorial, March 8, 1930.)

Under the thin disguise of "America" it is obvious that "the question drives like rain to the roots" of capitalism in all countries, and not least in Britain, with its longest record of permanent mass unemployment.

What prevents capitalism from carrying out the alternative solution universally proposed by all the myriad schools of reformers of capitalism (reformist socialists, social credit theorists, currency reformers, etc.)—i.e., the general raising of the standards of the workers to a point compatible with the consumption of the increased production alongside higher profits for the capitalists? The answer why capitalism is unable to carry out this apparently simple solution, but is in fact actively engaged in carrying out the opposite, lies in the whole character of capitalism. The reformist dream of grafting on to the capitalist mode of production an entirely different and incompatible system of distribution (whether by legislative means, raising wages, social services, a "national dividend," or the like) only reveals its advocates' failure to understand the elementary workings of capitalism and the necessary conditions of the capitalist mode of production. The reformists apply in their fantasy the conceptions of an organised society directly to the jungle of capitalism, which, by the very conditions of private property and production for profit, cannot follow the principles of an organised economy, but can only follow entirely different laws. In fact, even the very limited measure of social reform which could be achieved, under the pressure of the working class, in the conditions of ascending capitalism become increasingly circumscribed and even in part diminished and withdrawn in the conditions of declining capitalism and of the capitalist crisis.

The realities of capitalism are both in fact and in iron necessity entirely different. The greater the crisis, the greater

becomes the need of the rival capitalist concerns to *lower the costs of production*, to increase the rate of exploitation, to drive the dwindling number of employed workers harder, to attack the workers' standards and the social services, in order to compete more successfully for the dwindling market. At the same time the growth of unemployment facilitates these attacks. The development of the crisis has been accompanied in every country by successively renewed and intensified attacks on the workers' standards. The authentic voice of capitalism is the voice of the American capitalist magnate, Owen D. Young, the sponsor of the Young Plan, when he declared: "Let no man think that the living standards of America can be permanently maintained at a measurably higher level than those of the other civilised countries" (*Economist*, April 12, 1930.)

The Roosevelt "experiment," which has skillfully utilised the reformist propaganda of higher standards as the solution of the capitalist crisis, but utilised it in fact for the exactly opposite purpose to carry through intensified exploitation and lowered standards (just as President Wilson of old utilised pacifist propaganda for the purposes of war), is proving in practice, as we shall later have occasion to see, only a more complete demonstration of this reality.

The growth of productivity has been accompanied, not by an increase of the workers' share, but by a *decrease* of the workers' share. Between 1913 and 1928 the percentage of the national income going to wages fell in the United States from 36.4 to 36, and in the United Kingdom from 42.7 to 40.9 (*World Economic Survey, 1932-3*, p. 101). In the United States, between 1921 and 1927, the value of the product of industry rose from 18.3 thousand million dollars to 27.5 thousand million dollars (U.S. Department of Commerce, Census of Manufactures); but in the same period the percentage of the value of the product of industry going to wages and salaries fell from 58.7 per cent. in 1921 (54.2 per cent. in 1914) to 51 per cent. in 1927 (P. H. Douglas, *Real Wages in the United States*). In Great Britain, between 1924 and 1930, according to Colin Clark's *The National Income 1924-31*, the output per person employed rose from 100 to 113, while the proportion of wages to home-produced income fell from 41.5 per cent. (42.5 per cent. in 1911) to 38 per cent.

The effect of the world economic crisis has been, not to

reverse this process, but to carry it enormously further forward. The drive to rationalisation, to speeding up, to extracting a still higher output per worker for less return, has been intensified under the conditions of the crisis. Between 1929 and 1932 the output per man-hour has actually been forced up by 12 per cent. in the United States, alongside twelve million unemployed!

Labour costs per unit of output have been substantially reduced by an improvement in productive efficiency. The output per man-hour in the United States increased by about 12 per cent. between 1929 and 1932.—(*Economist*, May 5, 1933.)

It is obvious that the effect of this is still further to intensify the contradiction which already led to the economic crisis.

In the face of these facts increasing doubts begin to assail the capitalists whether there can ever be full-scale employment again, even if the extreme intensity of the crisis of 1929-33 should give place to a considerable upward movement. Thus it is reported from America:

American employment reached its highest point in 1918, American production in 1929, and it is carefully and accurately computable to-day that if by some magic a return could be made to the productive maximum of three years ago, there would still be no work for 45 per cent. of the present twelve million unemployed.

(Washington Correspondent of the London *Times*, November 2, 1932.)

From Britain comes the same tale:

If the 2½ millions of unemployed were absorbed in factory occupations, the national output of manufactured articles would be on such a scale that the available buying markets . . . would be inadequate to absorb it. Hence, if such a method of labour absorption could and did take place, it would only precipitate a new crisis.

(*Times Trade Supplement*, July 23, 1932.)

Such are the alternatives which begin to be seen by the capitalists, even if the present crisis should give place to the most extensive upward movement.

Either continued mass unemployment of millions, even if "by some magic" the record level of the previous production boom could be attained.

Or, if all the unemployed are absorbed into productive labour, then inevitably the immediate precipitation of a new crisis.

As this new situation begins to be realised, the beckoning phantom of a new world war as the only "solution" to utilise the productive forces and wipe off the "superfluous" population begins to exercise a visibly increasing attraction on capitalist thought and policy as the final gamble.

Nearly a century ago Engels wrote of the necessary consequences of the inevitable future breakdown of the British capitalist monopoly: "Should English manufactures be thus vanquished . . . the majority of the proletariat must become forever superfluous and has no other choice than to starve or to rebel." (Engels: *Condition of the Working Class in England in 1844*, Ch. xi.)

In 1932, eighty-seven years later, the British Prime Minister spoke in the House of Commons of the prospect, even if trade should recover and prosperity return, of having to find "great bodies of men and women, perhaps even amounting to a couple of millions, to be, to all intents and purposes, in our society, superfluous scrap." (J. R. MacDonald in the House of Commons, November 22, 1932.)

In 1933 the leader of British Conservatism had to make the same melancholy admission:

There is the great core of unemployment. We do not know what the numbers may be. There may be a million, a million and a half, or less than a million; but there will be a vast number for whom there is but little hope of employment being found in this country. The gates of migration are closed against us. What can we do? That is a problem that has baffled the country completely up to now.

(Stanley Baldwin in the House of Commons, November 27, 1933.)

"What can we do?" This is the final answer of what was once the most powerful capitalism in the world, when faced to-day with the problem of millions who seek only to work and live.

There could be no sharper expression of the bankruptcy of capitalism than when, in the midst of wealth and unexampled productive power, it can no longer even find the means to exploit a growing proportion of its slaves, and is compelled to proclaim millions of human beings, living, strong, and able and willing to labour, as "superfluous scrap." The time draws close for the second half of the alternative—"to rebel"—as the only solution for the extending millions of producers cut off from production, no less than for the millions whose growing output is accompanied by growing poverty.

4. *The Alternative—Social Revolution or Destruction.*

The alternatives which confront society at the present stage are thus clear.

Capital can no longer utilise the productive forces. Capital can no longer utilise the full labour-power of the productive population. Monopoly capitalism is more and more visibly choking the whole organisation of production and exchange. The working masses can no longer find even the former limited conditions of existence within the conditions of capitalism. Increasing millions are thrown aside as "superfluous." The standards of all are successively attacked. Intensification of labour of the dwindling numbers employed is accompanied by worsening of standards.

The class struggle grows more intense. New forms of widening mass struggle develop. New and intenser methods of repression and coercion are brought into play by the ruling class. Against this situation the knowledge and understanding, which begins to grow more and more widely spread, of the scientific and technical possibilities of unlimited production and abundance for all, confronts existing society like a mockery and a torment: creating on the one side, among a growing section of the dispossessed, revolutionary anger and determination; creating on the other side, among the doomed possessing classes, growing desperation and recklessness, the revolt against science, the revolt against mechanical technique, and readiness to embark on ever more frenzied courses of violence and destruction.

Two alternatives, and only two, confront existing society at the present stage of development of the productive forces and of social organisation.

One is to throttle the development of the productive forces in order to save class-society, to destroy material wealth, to destroy millions of "superfluous" human beings in the slow rot of starvation and the quick furnace of war, to crush down the working-class movement with limitless violence, to arrest the development of science and culture and education and technique, to revert to more primitive forms of limited, isolated societies, and thus to save for a while the rule of the possessing classes at the expense of a return to barbarism and spreading decay. This is the path which finds its most complete and organised expression in Fascism.

The other is to organise the productive forces for the whole society by abolishing the class ownership of the means of production, and building up the classless communist society which can alone utilise and organise the modern productive forces. This is the path of Communism, of the revolutionary working class.

The issue of these two paths is the issue of the present epoch. It is to the former of these two alternatives that the existing capitalist world is to-day moving at an increasing pace, and to which it will more and more visibly develop in the period ahead, if the revolutionary working class does not succeed in time in saving the whole future of civilisation and of human culture.

Only when a new cycle of capitalism on this basis had resulted with extreme speed in a more intense crisis than ever before, shattering one by one all the pillars of "stabilisation," did the recognition begin to become universal on all sides that the old conditions were passed beyond resurrection, and that fundamental issues of social, economic and political organisation would have to be faced.

From this point stabilisation ends, and a transformation begins to develop in the whole of capitalist policy and in the consciousness of the proletariat. Social Democracy, which had shared in the boom of capitalist restoration, goes through a series of inner crises, and weakens before Communism. Fascism, which had previously developed only in an experimental stage in a secondary capitalist country, now comes to the front as a world factor, dominating directly a major capitalist country, as well as in greater or less degree a whole series of other countries, and revealing itself as the most typical expression of modern capitalist policy.

1. *The Last Attempt to Restore Pre-war Capitalism.*

The basis of the attempted capitalist restoration after the war was the defeat of the proletarian revolution outside Russia.

To this objective the principal concentration of world capitalist policy was directed in the period immediately after the war. This primary preoccupation was true, not only of the governments of Central Europe, where the revolution came closest to victory, but above all of the governments which held the world leadership of capitalism, of Britain, France and the United States. Thus Hoover declared in 1921—

The whole of American policies during the liquidation of the Armistice was to contribute everything it could to prevent Europe from going Bolshevik or being overrun by their armies.

(Hoover, letter to O. Garrison Villard, 1921, reprinted in the *New York Nation*, December 28, 1932.)

In the same way, for Britain, Sir William Goode, British Director of Relief in Central Europe, wrote on "European Reconstruction" in 1925, quoting from his official report in 1920:

Food was practically the only basis on which the Governments of the hastily created States could be maintained in power. . . . Half

CHAPTER II

THE END OF STABILISATION

THE technical and economic situation described in the previous chapter finds its social and political expression in the storms of the present epoch, in the world war, in the revolutionary struggles, in the world economic crisis, in the advance to renewed world war and in Fascism.

The objective conditions for the social revolution were ripe already from the beginning of the period of imperialism, and more particularly since the opening of the general crisis of capitalism in 1914.

But the living human factor was not yet ready. The minds of men were still dominated by the conceptions of the past epoch. The bursting of the contradictions in the world war and after broke on the majority of men like a natural catastrophe. The first aim was widely proclaimed on all sides to resume the broken thread of pre-war continuity.

The proletariat in the leading capitalist countries, although advancing to social revolution, was not yet strong enough, not conscious enough, not organised enough, to overthrow the rule of the capitalist class. The revolts of the proletariat after the war, although drawing close to success and profoundly transforming the political situation, were finally defeated in all countries outside Russia.

The capitalist class, having overcome the immediate menace to its rule, set itself the aim to restore the shaken mechanism of capitalist production and exchange, to return to "pre-war" or "normalcy."

The proletariat, following the leadership of Social Democracy, after the defeat of the revolution, sought to win improved conditions within the capitalist restoration.

On this basis was built up the capitalist restoration or temporary "stabilisation" of 1923-9. The illusory character of this basis, which sought to resurrect the vanished conditions of the old pre-war capitalism, was not at first realised by any save the Marxists.

of Europe had hovered on the brink of Bolshevism. If it had not been for the £137 million in relief credits granted to Central and Eastern Europe between 1919 and 1921, it would have been impossible to provide food and coal and the sea and land transport for them. Without food and coal and transport, Austria and probably several other countries would have gone the way of Russia. . . . Two and a half years after the Armistice the back of Bolshevism in Central Europe had been broken, largely by relief credits. . . . The expenditure of £137 million was probably one of the best international investments from a financial and political point of view ever recorded in history.

(Sir William Goode, *Times*, October 14, 1925.)

Subsequently, the Dawes Plan, Locarno and the flow of American credits and loans to Europe carried forward the same process of capitalist restoration at a higher stage.

What was the basis of the defeat of the proletarian revolution and the rebuilding of capitalism in the years immediately following the war? Fascism at this time did not exist as a factor save in Italy. The main weapons of capitalism were threefold.

The first was direct civil war and counter-revolution—the wars of intervention against Russia, the White Terror in Finland, Hungary, Poland, etc., the military aid to Poland in 1920, the permission of the counter-revolutionary military organisations, officers' corps, Orgesch, etc., in Germany (which helped to build up the basis of the subsequent Fascism in Germany), and the like. This was of decisive importance at the immediate critical points of struggle, but it could not provide the main basis, as it had no mass support and could only build on the narrow ranks of the ex-officers and direct reactionary classes; the failure of the Kapp Putsch demonstrated this weakness. It was only later that Fascism was to find the way towards a temporary solution of the problem of the combination of counter-revolution with winning a wide measure of mass support.

The second weapon was Social Democracy and the granting of temporary concessions to the workers. Social Democracy because of its mass basis, was the main weapon of capitalism in the years immediately after the war for the rebuilding of capitalism. The advance of the workers to the struggle for power, the immediate onrush of which after the war was too powerful to be successfully defeated in direct battle, was circumvented by a strategical ruse—the placing of Social

Democratic governments, presidents and ministers in office, thus appearing to surrender to the workers the seats of power, while the realities of power remained with capitalism. Only in this way, by the alliance with Social Democracy, by hiding capitalism under a Social Democratic front, was the capitalist state saved after the war. Social Democracy united with capitalism to defeat the workers' revolution. A great show of concessions to the workers was made; promises were lavishly broadcast; Socialisation Commissions, Nationalisation Commissions, Sankey Commissions were set up; wages were increased and hours shortened.*

Subsequently, as soon as the power of capitalism was thus successfully re-established, a reverse action took place. The concessions were withdrawn; inflation wiped them out in the European countries; the capitalist offensive drove back the workers even below pre-war levels; the Social Democrats, while still occasionally used as governments, were increasingly relegated to the role of "opposition." At the same time, the consequent growth of disillusionment of the workers with the whole process and with Social Democracy led to the necessity of capitalism discovering a further basis of power, and the development of Fascism as the parallel instrument of capitalism alongside Social Democracy. But this development only took place on a wider scale as the stabilisation began to break down in the world economic crisis.

The third weapon of capitalism in the re-establishment of its power and of its economic system was the drawing on the colossal reserves of the still unshaken centre of world capitalism—American capitalism. American loans and credits poured into Europe to bolster up and rebuild the shaken fabric of European capitalism. On this basis the restoration of the gold

* The character of this period was revealingly described, with reference to the Sankey Coal Commission, by Evan Williams, President of the Mining Association, in his evidence before the Mining Court of Inquiry in 1924:

"It was an atmosphere charged with the emotions of the time in which the Commission sat. There were fears throughout the whole country as to what might happen, and it was felt that the miners' position ought to be met in order to maintain peace. That was the atmosphere of the Commission. The atmosphere was an unreal one altogether, and conclusions were arrived at without any real foundation. Two of my colleagues, mineowners and myself," went on Mr. Williams with a smile, "actually signed a report which recommended a reduction in the hours of work in mines." (*Daily Herald* report, April 26, 1924.)

The "smile" is the comment of capitalism on its own ruse, after the ruse has succeeded.

standard took place. The triumph of stabilisation was celebrated by the bankers of the world. It was obvious that this basis was a false one, and would involve a boomerang outcome, as was predicted at the time by Marxists.*

On this basis was built the restoration of capitalism after the war, and subsequent upward movement and boom of 1927-9. It is evident to all to-day that this basis of stabilisation was a hollow and rotten one.

In the first place, the direct counter-revolutionary fighting organisation was still built on the narrow circle of privileged strata and their immediate range of influence, and had no wider mass basis. The masses were still only reached by Social Democracy or Communism.

Second, the weapon of Social Democracy was more and more blunted by each successive use. Widespread disillusionment grew with the failure of Social Democracy, not only to lead any fight for socialism, but even to fight to maintain existing conditions or defend the daily interests of the workers. The more and more desperate use of ever extending disciplinary and coercive measures by the Social Democratic leadership to maintain their power could not check this growing discontent. In the European countries as a whole during this period the vote of Social Democracy declined, and that of Communism increased.

Third, the American Colossus, on whose support and subsidies the restoration of capitalism was built up, was a colossus with feet of clay. As rapid as was its expansion and apparent prosperity and power in the war and post-war period, no less rapid was the bursting of the contradictions of its capitalist structure into a more gigantic economic crisis than any previously experienced in any country of capitalism. But just as American capitalism had provided the economic base for the

* See, for example, the *Labour Monthly* for February 1925, on "The Restoration of Europe," and for March 1925, on "The Gold Standard," where it was predicted that, as soon as the flow of new loans and credits should begin to dry up, and be exceeded by the necessary return movement of interest and amortisation, requiring an enormous expansion of European exports in the overcrowded world market, this would necessarily precipitate a new crisis, leading to the shattering of the gold standard. To-day this analysis, made in 1925, and fully realised six years later, provides an instructive comparison of the effectiveness of the Marxist line in contrast to the complacent contemporary statements during that period of all the leaders and professional experts of capitalism on the success of stabilisation and of the return to the gold standard.

rebuilding of capitalism throughout the world, so the American crash brought with it the crash of the whole structure of stabilisation throughout the world.

Fourth, the very success for the moment of stabilisation, of rationalisation, of the enormous expansion of the productive structure, brought with it the intensification of all the problems and conflicts of capitalism, and only resulted in the more rapid and complete shipwreck. The gigantic productive mechanism required a no less gigantic expansion of the market; unless it could maintain its mass output at full working, its very much heavier maintenance costs made it actually less economical than more primitive technical forms.

The presuppositions of the attempted restoration and stabilisation of capitalism after the war had been the return to the conditions of pre-war capitalism (which had in reality already been undergoing far-reaching modifications and transformations already before the war), to the free market regulation of supply and demand, to the automatic gold standard, etc. But in fact monopoly capitalism had already before the war transformed these conditions of classic capitalism beyond recognition, and led to the growing disequilibrium which found expression in the war. After the war, monopoly capitalism was enormously further developed, not only in the scale of the trusts and in the concentration of the financial oligarchies, but in the ever closer unification of the financial oligarchies and the State machine, in the growing State economic intervention and control, in the utilisation of direct political means for economic ends (reparations, debts, loan policies, colonial policies), and the rising network of tariffs, subsidies, quotas, licences, and all forms of restrictions to maintain the closed monopolist areas. The whole resulting structure was top-heavy. The crash was inevitable. Capitalism under these conditions was more and more revealing itself, no longer as a "working system," but as a clogging fetter on production and exchange, with vast concentrations of conflicting and irresponsible power at strategic points, which could rock the whole system.

When the crash came with the world economic crisis, the conditions of monopoly capitalism still further prevented the "normal" working out of the crisis, and intensified and prolonged the crisis. The great capitalist monopolies were able to maintain relatively high profits in the midst of the depression,

by artificial measures of restriction, by maintaining monopoly prices above the general price-level, and by passing on the burden of the depression to the working masses, to the petty-bourgeoisie and to the colonial peoples. The prices of cartelised goods in Germany in the beginning of 1933 had only fallen 20 per cent. below the level of the first half of 1929, whereas the price of non-cartelised goods had fallen 55 per cent. (League of Nations *World Production and Prices*, p. 109). The prices of manufactured goods in the imperialist countries were maintained above the pre-war level, at the same time as the prices of the raw-material products of the colonial peoples were depressed to an average of half the pre-war level. But this meant to intensify the contradictions at the root of the crisis. In this way the workings of monopoly capitalism hindered the "normal" solution of the crisis after the methods of "healthy" capitalism.

Thus it became more and more evident, both from the circumstances leading to the crisis, and from the further development of the crisis, that the "restoration of capitalism" of the pre-war type was no longer possible; that its breakdown was not due to any particular, isolated, accidental causes (reparations, debts, gold supply and distribution, etc., as was at first suggested), but was inherent in the whole nature of the attempt in relation to modern conditions of production and economic organisation; and that in fact, as began to become increasingly recognised in informed capitalist quarters, the whole attempt at "restoration" during the nineteen-twenties had been in reality a chase after an illusion.

As the recognition of this begins to spread within the capitalist world, the conscious direction of capitalist policy begins to change more and more openly—the decisive point of change from the old to the new may be marked in 1933 with the advent of Roosevelt in the United States, with the advent of Hitler in Germany, and with the breakdown of the World Economic Conference—and moves to new types of policy in accordance with the changed conditions, and to corresponding new types of economic and political organisation.

2. *The Collapse of the Illusions of the Stabilisation Period.*

The short-lived "stabilisation" and upward movement of capitalism in the nineteen-twenties gave rise to a host of myths

and illusions as to the possibilities of permanent capitalist prosperity, of a new era of harmonious capitalist advance, of "organised capitalism," of "super-capitalism," of improving standards for all without the need of class struggle or revolution.

These illusions were important at the time as the means by which capitalism sought to maintain its hold on the masses and to counter the issue of the social revolution, which concretely confronted the world since 1917.

The collapse of these illusions with the world economic crisis was of decisive importance in the development of capitalist ideology to Fascism.

The main forms taken by these illusions were twofold, both closely connected.

The first was the myth of American Capitalism as a new type of capitalism, which had overcome the contradictions and crises of the old capitalism, which had "ironed out the trade cycle," and found the key to permanent prosperity and the abolition of poverty through continuously rising standards of the workers alongside continuously rising profits. American Capitalism was held out as the triumphant refutation of Communism. "Ford versus Marx" was the common popularisation of this theme.

The second, closely connected with the first, was the conception of "Organised Capitalism" as the new type of capitalism developing throughout the world, and building up under capitalist leadership a rational productive world order, which would eliminate the evils, poverty and discords of the old nineteenth-century capitalism and replace them by unparalleled universal prosperity. This conception found its final expression in "Ultra-Imperialism," or the conception that capitalist development was working towards a unified world capitalist order, eliminating war and the divisions of imperialism under the beneficent and pacific control of international finance.

There is no doubt that these illusions were to some extent shared by a portion of the leaders of capitalism during this period, who were dazzled by the apparent rapid recovery from the war and the unparalleled advance in production, trade and profits, and looked forward to a period of ever-growing prosperity. Thus President Hoover declared on July 27, 1928: "The outlook of the world to-day is for the greatest era of commercial expansion in history." And again, on August 11,

1928, in a speech accepting the Republican re-nomination for President:

Unemployment in the sense of distress is widely disappearing. We in America to-day are nearer to the final triumph over poverty than ever before in the history of any land. The poorhouse is vanishing from among us. We have not yet reached the goal, but given a chance to go forward with the policies of the last eight years, and we shall soon with the help of God be within sight of the day when poverty will be banished from this nation.

(New York *Nation*, June 15, 1932.)

Similarly Keynes in 1925, addressing the Liberal Summer School under the title, "Am I a Liberal?" distinguished three periods of economic development: the first, of scarcity, up to the fifteenth or sixteenth centuries; the second of abundance, represented by the nineteenth century; and the third, of "stabilisation," now opening:

But we are now entering on a third era, which Professor Commons calls the period of stabilisation, and truly characterises as "the actual alternative to Marx's Communism."

(Keynes *Am I a Liberal?* 1925, reprinted in *Essays in Persuasion*, 1931)

The principal channel of these illusions throughout Western Europe and America was Social Democracy. Through Social Democracy these illusions were transmitted to the masses. The "American Model" and "Ford versus Marx" became the battle-cry of Social Democracy and the Second International in the fight against Communism. Government-paid missions of labour leaders were sent from Britain, Germany and other countries to the United States to bring back the new gospel from the Holy Land of Capitalism. It is unnecessary now to repeat (although it would be profitable for those who come newly to these questions to study this record of capitalist and social democratic illusion and ignorance on the basic questions of our epoch) the more fantastic utterances of all the principal Labour Party, trade union and social democratic leaders and theorists on the American Miracle and the triumph of capitalism over Marxism.*

* Reference may be made to the present writer's *Socialism and the Living Wage*, published in 1927, for a collection of some of the typical British Labour expressions—Labour Party, trade union and Independent Labour Party—in adoration of the American Mammon, Fordism, the New Capitalist Era, Rationalisation, etc. It

What is important is that capitalism in this period, through Social Democracy, was able to build up a powerful propaganda in the working class of expectation of a new capitalist era, of rising prosperity, of the unshakable strength of capitalism, and of the refutation of revolutionary Marxism. The entire machine of reformist socialism, in control of the working class organisations, spread this propaganda.

Thus Snowden on behalf of the Labour Party declared:

He did not agree with the statement of some of their socialist friends that the capitalist system was obviously breaking down. He believed that we were to-day in a position very much like the industrial revolution that took place about 120 years ago. Then the steam age was ushered in.

Now we are entering in, I believe, the new age of electricity and an age of chemistry. Wide-awake capitalists are seeing this, and they are taking steps to appropriate for private profit and private ownership the exploitation of these great forces. If they succeed in doing that, then the capitalist system will be given a new and long and more powerful lease of life.

(Snowden, *Daily Herald* report, April 17, 1926.)

Citrine, on behalf of the Trades Union Congress, defending the policy of "Mondism" or alliance with capitalism, explained that the policy of co-operation with the employers

aims at using the organised powers of the workers to promote effective co-operation in developing more effective less wasteful methods of production, eliminating unnecessary friction and unavoidable conflict in order to increase the wealth produced and provide a steady rising standard of social life and continuously improving conditions of employment for the workers.

(Citrine, in the *Labour Magazine*, October 1927.)

In this way the expectation of "a new and long and more powerful lease of life" of capitalism, and of "a steady rising standard of social life and continuously improving conditions of employment for the workers" within capitalism was preached by Social Democracy.

Similarly the theorist of German trade unionism, Tarnov, wrote that Marxism was now refuted by modern capitalism:

We must distinguish two epochs in the development of capitalism; may be noted that Labour Press reviews of this book, which in 1927 exposed the clay feet and impending crash of the American Colossus, rejected its reasoning on the grounds that it was based on the "obsolete" theories of Marxism, which only had reference to nineteenth-century capitalism and were refuted by modern capitalism, as demonstrated in America.

the epoch of British capitalism, which was limited in its possibilities of expansion, and the epoch of American capitalism, which on the basis of the latest technical advances can unendingly expand and develop.

For the first epoch, Marx and Lassalle were typical. They maintained that wages are determined by certain economic laws, that they depend on the cost of labour-power, etc. For the second epoch, Ford is typical. He proved that capitalism can prosper, while the worker need not at the same time remain poor.

Along the same lines another leading theorist of German trade unionism, Naphthali, wrote:

Cyclical development, under which there was a regular succession of prosperity and crisis, of which Marx and Engels wrote, applies to the period of early capitalism.

A younger theorist of the Labour Party wrote in a book appearing as late as 1931:

There are grounds for thinking that the situation is changing for the good. The wave of world revolution, on which the advance of Communism is depending, has subsided. Capitalism has been successful up to a point in stabilising itself—though at the price of admitting into its structure socialist elements which will ultimately supersede it. . . . There is a good deal in the classic Communist picture of a world in the grip of ineluctable conflict that is out of date.

(A. L. Rowse, *Politics and the Younger Generation*, 1931, p. 294.)

This writer argued further that the most modern capitalist monopolies were showing an enlightened and benevolent tendency of scientific world organisation which held out the prospect of an ultimate "synthesis of common aims" with socialism. Unfortunately for the writer, he chose as his example of this progressive tendency of modern monopolist capitalism and potential ally with socialism—Kreuger.

It is noteworthy that one of the greatest and most progressive of modern finance corporations, the Swedish Kreuger and Toll Co., in a brilliant review of world conditions comes to conclusions not dissimilar. (a quotation from their report follows):

When a great capitalist concern speaks in these terms, one seems to see a glimpse of the future in which the existing conflict between socialism and it is resolved in a synthesis of common aims.

(*Ibid.*, pp. 46-7.)

The Preface of this book was dated 29 July, 1931. The collapse

and exposure of Kreuger and his swindles took place within eight months. This writer for the "younger generation" was belated in his repetition of social democratic propaganda of a preceding period, which had already reached its climax and completed its main currency in 1927-9.

What was the effect of this dominant line of propaganda and policy of Social Democracy during the short-lived boom period of post-war capitalism?

First, it completely concealed the real character of post-war capitalism, the real issues of the period, and the real struggle confronting them, for the working class. Thus the workers were left confused and unprepared for the gigantic issues which faced them, and which the crisis laid bare.

Second, the subsequent collapse of all these theories and of the entire line of leadership with the advent of the world economic crisis produced a tremendous disillusionment throughout the petit-bourgeoisie and the working class who had followed the promises of Social Democracy. All the hopes which had been built up collapsed.

Thus the path was laid open for the advance of Fascism in the petit-bourgeoisie and in certain strata of the working class.

3. *After the Collapse.*

At first the full extent of the collapse involved in the world economic crisis was not understood by the leaders of capitalism. It was attempted at first to regard the crash of the autumn of 1929 as a crisis of speculation on the American Stock Exchange, unrelated to the general economic situation.

On 29 October, 1929, President Hoover affirmed that "the fundamental business of the country is on a sound and prosperous basis." The Assistant Secretary of Commerce, Dr. Klein, explained that "a decline in security prices does not greatly affect the buying power of the community . . . the industrial and commercial structure of the nation is sound." On November 24 Dr. Klein stated that American business was "healthy and vigorous and promises to be more so." On December 3 Hoover announced: "We have re-established confidence. . . . A very large degree of unemployment which would otherwise have occurred has been prevented." On January 1, 1930, the Secretary of the Treasury, Mellon, prophesied: "I have every confidence that there will be a revival

of activity in the spring." On January 10 Dr. Klein prophesied: "I believe that the turn will come about March or April." On March 8 Hoover prophesied that the crisis would be over in sixty days. On May 19 the Secretary of State, Lamont, prophesied that "normal conditions should be restored in two or three months." On May 1, 1930, Hoover announced: "We have now passed the worst."

And so on, continuously, right into 1932. A similar list could be compiled for the Labour Government and National Government in Britain.

As late as 1930 appeared the well-known report of the Hoover Committee on "Recent Economic Changes," still celebrating the American Miracle and the "economic balance" achieved, and concluding: "Our situation is fortunate, our momentum is remarkable." And indeed had not all the professors proved that the "prosperity" must be permanent? Thus Professor Carver, of Harvard, answering the question "How long will this diffusion of prosperity last?" replied:

There is absolutely no reason why the widely diffused prosperity which we are now witnessing should not permanently increase.

(Professor N. Carver, *This Economic World*, 1928, p. 396.)

Similarly another of the professors of economics had declared:

There is no fundamental defect in the organisation of the industrial system which would prevent business enterprises being operated constantly at a profit. Under the present industrial system, it is not only desirable to have, and to maintain constantly, profits, industrial progress and prosperity, but it is possible to attain this goal.

(Professor A. B. Adams, *Progress, Profits and Prosperity*, 1927.)

Very different was the tone of President Hoover's next Research Committee into Modern Trends, which reported in the end of 1932, and found that:

In the best years millions of families are limited to meagre living. Unless there is a speeding up of social invention or a slowing down of mechanical invention, grave mal-adjustments are certain.

The American standard of living for the near future must decline because of lower wages caused by unemployment.

As the deeper and more lasting character of the crisis began to be recognised, the attempt began to be made to seek for some specific major cause, such as reparations and debts, the gold supply, tariffs, etc. These questions came to the front, as

the intensity of the crisis began to centre in Europe in 1931, with the Austrian bank crash and the inability of German debts payments. In the summer of 1931 the Hoover Moratorium postponed all reparations and debt payments for one year. This did not prevent the collapse of the pound sterling in the autumn. In the summer of the following year the Lausanne settlement ended reparations.

With the collapse of the Dawes and Young Plans, and with the collapse of the gold standard in Britain and other countries, the two main pillars of the stabilisation period had fallen.

But the ending of reparations and debts payments did not mitigate the crisis. On the contrary, it grew more intense in 1932, thus demonstrating that there were deeper factors at work. A panic tone now began to pervade capitalist expression in 1932. Already by the end of 1931 the economist, Sir George Paish, had prophesied that "nothing can prevent a complete breakdown within the next two months" (*Manchester Guardian*, December 10, 1931). In May 1932, the Conservative politician, L. S. Amery, prophesied: "We are likely to have a complete collapse in Europe within the next few months" (*Times*, May 28, 1932). In the same month Lloyd George declared at Llandudno: "Without some action international trade would collapse, and there would be famine in the midst of plenty. Russia with vast resources and a population schooled to hardship, might escape; but Europe was on the way to perish" (*Manchester Guardian Weekly*, May 27, 1932). In October 1932, the Governor of the Bank of England, Montagu Norman, made his famous declaration that "the difficulties are so vast, the forces are so unlimited, precedents are so lacking, that I approach the whole subject in ignorance and in humility. It is too great for me. . . . I will admit that for the moment the way, to me, is not clear" (*Times*, October 21, 1932). And his possibly apocryphal alleged declaration to the Governor of the Bank of France was widely reported in the Press to have prophesied collapse of the capitalist system within twelve months.

The expectations of the bourgeoisie, in their moment of panic, of a sudden automatic collapse of capitalism were no more correctly founded than their previous expectations of a rapid automatic recovery. However unlimited the destruction that capitalism in decay and in crisis can cause, its final collapse can only take place through the action of the proletariat in

overthrowing it. But in these expressions of the bourgeoisie we can see the ideological reflection of the end of stabilisation, and the preparation of the ground for the transition to the desperate measures of Fascism.

In the third and fourth years of the crisis, as all the attempted remedies and hopes of recovery proved deceptive, attention began to be increasingly concentrated on the deeper issues of the whole advance of technique and its obvious outstripping of the existing forms of social organisation. The expression "technological unemployment" now found general currency as a seemingly scientific explanation which could be used to account for everything without raising the sharp problem of property relations. Typical of this period was the short-lived episode of "technocracy," which was boomed throughout the world capitalist Press during the last quarter of 1932 and the beginning of 1933. The advocates of "technocracy" (whose leaders were in reality former camp-followers of the labour movement and had drawn such inspiration as they had from incompletely digested crumbs from the table of Marxism) brought a wealth of evidence to show the advance of productive power and its conflict with existing social forms. But they drew therefrom the incorrect conclusion that the problem is consequently a *technical* problem, to be solved under the expert guidance of technicians through new utopian forms of commodity valuation (*à la* Proudhon) within existing property society. Thus, while their evidence of the conflict of the advance of technique with existing society was based on familiar and in the main indisputable facts, they remained economically and politically at sea. They failed to understand that the social organisation of technique is incompatible with the capitalist class monopoly in the means of production, and that consequently the basic problem of the present period is not a technical problem, but a *political* problem—the breaking of the capitalist class monopoly by the power of the working class. Only when the political conditions are thus created can the technical problem be solved. For a short period their propaganda received immense publicity in the capitalist Press as an apparent counter to Marxism; but as soon as it became clear that even so the technical facts and criticism brought forward by them were too damaging to capitalist interests, they were rapidly silenced, and the financial support withdrawn.

The minds and thoughts of the leaders of capitalism, as the development of the crisis was making increasingly clear the basic contradictions confronting them and the basic conflict between the advance of technique and the maintenance of class-society, were moving in a different direction. They were drawing with increasing clearness and consciousness the necessary conclusions for the maintenance of class-society and the restriction of the advance of technique. The old conceptions of the "restoration" of capitalism of the pre-war pattern, of "international capitalism," of all the traditional theories of the older schools of capitalist economists, who wrung their hands at the new developments, were becoming more and more clearly and consciously abandoned. In their place came to the front the conceptions of so-called "national planning," of the closed monopolist area, of state economic control, of the restriction of production, of the building of rigidly controlled, confined, static class-societies with suppression of the class struggle, and of war as an inevitable near necessity.

There is no absolute division between the old and the new. The new is only the more complete working out of the basic principles of imperialism at a more advanced stage, at a more extreme stage of capitalist decay.

By 1933 the new trends were fully dominant. The signals of the new period were the advent of Roosevelt in the United States, the advent of Hitler in Germany, the breakdown of the World Economic Conference, and the breakdown of the Disarmament Conference. The end of stabilisation had given place to the new phase, of which Fascism is the most complete and consistent expression.

harmonious solution, no simple restoration of order to a temporary "unsettlement." The capitalist "way out" is at each stage a way of increasing destruction, of mass-starvation, of violence, of war, of decay. This is the lesson of the two decades since the outbreak of the war. And this is the character of the present stage of the economics and politics of capitalism resulting from the world economic crisis, and carrying to an extreme point the whole development of imperialist decay.

Destruction in place of construction; restricted production in place of increased production; closed "national" (i.e., imperialist) economic blocs in place of the formal objective of international interdependence; social and political repression in place of liberalism—these are the characteristic watchwords of capitalism in the present period.

I. *The Destruction of the Productive Forces.*

The most direct, elementary and typical expression of the present stage of capitalist policy is the organised collective destruction of wealth and of the productive forces.

The purposeful destruction of commodities for economic reasons is in itself nothing new in capitalism, but an integral part of its daily working from the beginning. It was in 1799 that Fourier first became convinced of the necessity of a new form of social organisation when he found himself entrusted with the task at Marseilles to superintend the destruction of a quantity of rice held for higher prices during a scarcity of food till it had become unfit for use. Nevertheless, this rice had at any rate been held back in the hope of sale, and was only destroyed because it had become unfit for use. This was not yet the modern principle of the wholesale destruction of good rice, good wheat, good cotton, good coffee and good meat.

In the same way the endeavour by combination to limit stocks, restrict production, and maintain or raise prices is inherent, not merely in capitalism, but in commodity economy from the beginning. As Adam Smith wrote in his *Wealth of Nations*:

People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public or in some contrivance to raise prices.

(Adam Smith, *Wealth of Nations*, Book I, Chapter 10, Part ii.)

CHAPTER III

THE NEW ECONOMICS AND POLITICS

A WELL-KNOWN statement of Lenin in 1920 with reference to the post-war crisis gave warning against the illusion that there is "absolutely no way out" for capitalism; on the contrary, "there are no absolutely hopeless situations."

The meaning of this statement is often misunderstood, because it is commonly quoted out of its context. Lenin was in fact giving warning against "two widespread errors": first, the error of the "bourgeois economists," who fail to see the basic character of the crisis and regard it as a temporary "unsettlement"; and second, the error of the passive revolutionists, who expect an automatic collapse of capitalism. Against the latter he pointed out that the "proof" of the collapse of capitalism can only be, not any abstract logical demonstration, but the successful action of the proletariat in overthrowing it. Until then, capitalism remains in power, drags on somehow, finds its own "way out" each time, no matter what disturbances it passes through. In other words, capitalism does not escape from the general crisis into which it has fallen since 1914, and which is inevitable in the present stage of conflict between the forces of production and the existing relations of capitalist property ownership; it only passes from one stage of crisis to another; there is no question of a temporary "unsettlement." But capitalism does not finally fall until the proletariat overthrows it. This is the dialectic of the general crisis of capitalism which Lenin was concerned to demonstrate.

The subsequent fourteen years have abundantly confirmed the truth of this analysis. On the one hand, so long as the proletariat is not ready and strong enough, capitalism remains in power; on the other hand, capitalism does not recover from its mortal sickness. It passes from one stage of crisis only to fall into a new stage. At each stage, if the proletariat is not yet ready to deal the death-blow, there remains a capitalist "way out" which prevails. But the capitalist "way out" is no

But such a policy appeared to Adam Smith, the original voice of classic capitalism, as an offence against the principles of capitalist production, as "a conspiracy against the public." It has remained for our day that all the capitalist governments of the world should meet together in the World Economic Conference to proclaim, with the combined voice of all the most enlightened, progressive statesmen and all the economists, the supreme aim to *restrict production* and to *raise prices*. This is a measure of the extreme stage of decay of capitalism.

The distinctive modern stage of capitalist policy for the destruction of wealth and of the productive forces is marked by three outstanding characteristics.

The first is the gigantic scale of destruction, conducted over entire principal world areas of production, and calculated in relation to world stocks.

The second is the direct government organisation and subsidising of such destruction and restriction of production by all the leading imperialist governments.

The third is the extension of destruction, not only to the destruction of existing stocks of commodities, but to the destruction of the productive forces, the ploughing up of crops and sown areas, the artificial limitation of production, the dismantling of machinery, as well as holding unused the labour power of millions of workers.

The examples of this process throughout the capitalist world are too familiar to require repetition. The burning of millions of bags of coffee or tons of grain, in the midst of mass starvation and poverty, have horrified the world. But all this has been no accidental or exceptional happening through the action of individuals, but on the contrary *directly organised by all the capitalist governments of the world*, and in the forefront by the most "progressive" governments, by the Roosevelt Government in the United States, by Social Democratic governments, etc.

It is a tragic irony that men and women in New York should be suffering the tortures of hunger while tens of thousands of pigs in farrow are being slaughtered in Iowa by the command of the Government, and farmers in Kansas or Nebraska are burning their grain. (*News-Chronicle*, October 17, 1933.)

The expenditures account recently published of the Agricultural Adjustment Administration under the Roosevelt regime

affords a pretty picture of modern capitalism (*Economist*, December 30, 1933):

EXPENDITURES UNDER THE A.A.A.

Allocation	Approximate Sum
Cotton Acreage ploughed up	110 million dollars
1934 Cotton Acreage Reduction	150 "
Emergency Pig-Sow Slaughter	33 "
Corn-Hog Production Control	350 "
Wheat Acreage Reduction	102 "
Tobacco Acreage Reduction	21 "

This inspiring combination of Mammon and Juggernaut, let it be remembered, is the worshipped idol of the Labour Party and of the Trades Union Congress, as proclaimed at their meetings at Hastings and Brighton in 1933.

From Denmark it was reported in November 1933 that cattle were being slaughtered in the Government abattoirs at the rate of 5,000 a week, for the carcasses to be burnt in the incinerators. The Government established a special destruction fund; but so great was the cost of destruction that Parliament had to be approached for further credits for the construction of new slaughter houses. This was under a Social Democratic Government.

In the same way the British Labour Government had already carried the Coal Mines Act for the limitation of the output of coal—with such success that in the beginning of 1934 a London firm actually ordered a consignment of coal from abroad, on the grounds, as they stated, that owing to the limitation schemes it was impossible to secure a delivery from British sources with sufficient speed.

In Britain in 1930 the company "National Shipbuilders Security, Limited" was formed, with power to borrow up to three million pounds, for the purpose (according to the Memorandum of Association) "to assist the shipbuilding industry by the purchase of redundant and/or obsolete shipyards, the dismantling and disposal of their contents, and the re-sale of their sites under restrictions against further use for shipbuilding." Within a few months its successful activities were reported in the Press:

National Shipbuilders Security, Limited, has purchased Dalmuir Shipbuilding Yard, owned by William Beardmore and Co., and in

consequence it is to be closed down by the end of the year. This shipyard was one of the largest on the Clyde, employing six thousand men during the war. Negotiations for the purchase and closing down of other shipyards are in progress.

Up to the end of 1933 this new type of capitalist company had bought up and closed down one hundred shipbuilding berths. In the twelve months to June 1933, the world tonnage of merchant shipping showed a net decrease of 1,814,000 tons, more than half this decrease being in tonnage owned by Britain.

Similarly, in the woollen textile industry the Woolcombers Mutual Association, Limited, was formed early in 1933 "to assist the woolcombing industry by the purchase and dismantling of redundant and obsolete mills, plant and machinery for re-sale under restrictive covenants against their further use for woolcombing."

The principal copper producers of the world entered into an agreement at Brussels in December 1931, to limit production during 1932 to 26 per cent. of the capacity of their mines.

The National Coffee Council of Brazil, from which country comes two-thirds of the world's coffee, decided in December 1931 to destroy twelve million bags of coffee. During 1932-3 9,600,000 quintals (equivalent to 1,248 million pounds weight) were destroyed, an emergency tax being imposed on coffee exports to finance the purchase and destruction of surplus coffee (League of Nations *World Production and Prices 1925-32*, p. 28). Up to the end of 1933 no less than 22,000,000 bags of coffee had been disposed of by burning or dumping in the sea.

The Governors of Texas and Oklahoma called out the National Guard to take possession of the oil-wells and prevent production.

The United States Department of Agriculture in the summer of 1933 announced bounties of seven to twenty dollars per acre to farmers for the destruction of the cotton crop. This was successful in securing the ploughing in or mowing down of 11 million acres out of a total of 40 millions:

The Government hoped to take ten million acres out of production by paying growers \$7 to \$20 per acre (according to the yield of their land) for ploughing under or mowing down cotton already growing. . . . The scheme was immediately successful in restricting acreage,

over 11 million acres being ploughed in or mown down, reducing the estimated acreage from 40.8 to 29.7 million acres.

(*World Economic Survey 1932-3*, pp. 313-4.)*

To the modern bourgeois mind and outlook this process of wholesale destruction and restricting of production, in the midst of poverty, appears as a natural and self-evident necessity. Without sense of contradiction they proclaim it in the same breath that they proclaim the necessity of "economy" and "cuts" to the masses; and correctly they feel no contradiction, since both are indispensable to the maintenance of capitalism at the present stage. They preach to-day the policy of restriction of production with the same sense of obvious correctness and common sense with which they preached after the war the policy of "increased production" as the path to prosperity. Thus in the summer of 1933 we find the British Chancellor of the Exchequer answering the "theorists" who imagine restriction of production to be "a bad thing":

To allow production to go on unchecked and unregulated in these modern conditions when it could almost at a moment's notice be increased to an almost indefinite extent was absolute folly.

(Neville Chamberlain in the House of Commons, June 2, 1933: *Times*, June 3, 1933.)

In the same way the *Economist* was able to report with satisfaction:

While there was an enormous over-expansion of productive capacity before 1929, investment in capital equipment has been severely curtailed since then, and a substantial proportion of existing plant and machinery has become obsolete or has been scrapped. There can be little doubt that substantial progress has already been made in the re-adjustment of productive capacity to the lower level of demand for consumers' goods.—(*Economist*, May 13, 1933.)

"Productive capacity" must be "re-adjusted" to the "lower level" of consumption of the impoverished masses. Such is the

* The practical execution of the scheme, however, was not without difficulties, as witness the following item from the American Press on August 9, 1933:

SOUTHERN MULES BALK AT PLOWING UP COTTON.

Paul A. Porter of the Administration, just back from the South, reported to-day that many farmers had complained they found difficulty in getting their mules to "act right" while plowing up the cotton. It is not the mule's fault, at that, Mr. Porter explained. All these years he has been lambasted if he walked atop the cotton row. Now it is the reverse, and he is being asked to trample down stalks he was carefully trained to protect.

The honours go to the mules rather than to President Roosevelt.

bed of Procrustes (who was also a bandit, but a less skilled and large-scale bandit) to which modern capitalism in its extreme stage of decay seeks to fit the tortured body of humanity.

The more obvious and glaring expressions of this process, the burning of foodstuffs, the dismantling of machinery that is still in good condition, strike the imagination of all. But all do not yet see the full significance of these symptoms: first, the expression through these symptoms of the extreme stage of decay of the whole capitalist order; second, the inseparable connection of this process of decay with the social and political phenomena of decay which find their complete expression in Fascism; and third, the necessary completion and final working out of this process in war. For war is only the complete and most systematic working out of the process of destruction. To-day they are burning wheat and grain, the means of human life. To-morrow they will be burning living human bodies.

2. *The Revolt against the Machine.*

But this revolt of modern capitalism against the productive forces, against the development of technique, and for the artificial restriction of production, goes further. It begins to turn, ideologically, and even in certain concrete propositions and experimental attempts, into a direct revolt against the machine.

A century ago, in 1831, the Society for the Diffusion of Useful Knowledge published a brochure, *The Results of Machinery*, addressed to the working men of the United Kingdom. "The little book gives a glowing picture of the glories of invention, of the permanent blessings of machinery, of the triumphant step that man takes in comfort and civilisation every time that he transfers one of the meaner drudgeries of the world's work from human backs to wheels and pistons. The argument is developed with great animation and vigour, and the writer, as he skirmishes with the workman's prejudices, travels over one industry and one country after another" (J. L. and B. Hammond, *The Town Labourer*, p. 17).

To-day the tables are turned. It is no longer the bourgeoisie who are teaching the ignorant workers, displaced and starving in millions through the advance of machinery under capitalist conditions, the blessings and advantages of machinery in the abstract. On the contrary, the bourgeoisie, now that they no longer see rising profits through the advance of machinery, but

instead see their whole position and rule more and more visibly menaced by its development, change their tune; they deplore the evils of the too rapid advance of machinery; their tone becomes increasingly one of hostility, fear and hatred to the machine. It is the working class who, despite their still heavy sufferings through the advance of the machine under capitalism, now become the conscious champions of the machine, recognising in it the powerful ally of their fight for a new order, and seeing with clear understanding its gigantic future beneficent role once it becomes liberated for social use under the leadership of the working class and in communist society.

Even the scientists and technicians, the inventors of new machinery and technical processes in the service of capitalism, begin increasingly, with the exception of a small and courageous minority, to turn against their own children, and to discuss, in technical and scientific conferences and journals, the necessity of arresting the advance of invention, of artificially restricting the output of new inventions.

Thus the working class is revealed as the sole consistent progressive force of present society. The capitalists are the modern Luddites.

This tendency of the capitalist reaction against the machine is not confined to the social philosophers and speculators: to a Bertrand Russell, with his idealisation of the decaying Chinese pre-capitalist civilisation in the moment of its dissolution before the advancing mass revolution; to a Spengler, the favourite and most-quoted philosopher of Fascism, with his unconcealed hatred of machine-civilisation and worship of his mythical "primitive man roosting solitary as a vulture . . . without any communal feeling, in complete freedom, with no 'we' like a herd of mere generic specimens . . . strong, solitary men" (see his revealing book *Der Mensch und die Technik—Man and Technique*); or, for the matter of that, to a Gandhi and his spinning-wheel, the adored of the Western European intelligentsia, and true prototype, not of a young bourgeoisie, but of a bourgeoisie born old without ever having known youth, the consistent expression of one aspect of capitalism in decay (the passive reactionary), just as Spengler is the expression of the other aspect (the sophisticatedly bloody, combatant reactionary).

But this same tendency reveals itself increasingly in the states-

And the world finds itself glutted with competitive commodities, produced in a quantity too great to be absorbed. . . . Where shall we look for a remedy? I cannot tell.

(Sir Alfred Ewing, Presidential Address to the British Association, 1932: *Daily Telegraph* report, Sept. 1, 1932.)

This is the confession of bankruptcy of official bourgeois science before the modern world situation. Not the social conditions which lead to the abuse of the results of science and invention are seen as the problem, but instead the gifts of science and invention appear to this modern monk as gifts of the devil, for which man was "ethically" unprepared—as if "ethics" were independent of the social conditions from which in fact they take their character. For solution, this leader of modern bourgeois science confesses his impotence and ends characteristically with a prayer to "God."

Not only the leaders of bourgeois science, but the financial and political leaders of capitalism move in the same direction. An outstanding demonstration of this was the speech of the most "progressive" and "advanced" financier-politician of French capitalism, Joseph Caillaux, on the World Crisis in the spring of 1932 before the Press Association in Paris, and given also in less complete form before the Cobden Club in London (the following citations are from the report of his Paris speech in the *Dépêche Economique et Financière*). His theme was that "the machine is devouring humanity" ("*la machine dévore l'homme*"): "It is necessary to take control of technique. It is necessary to prevent inventions suddenly upsetting production." How? He makes two concrete propositions. First, to set up "in every State, Departments of Technique, to discipline inventions, paying compensation for them, and not allowing them to come into use save in proportion as existing plant is amortised."

The second alternative is "taxation": "to impose heavy taxes on all inventions of machinery." "Science must be hamstrung" ("*il faut que la science soit jugulée*"). This is not the language of an escaped lunatic, but of a cool, far-seeing politician and skilled financier of capitalism.*

* Another example of the current tendency is afforded by the recent book of the leader of the "Young Conservative" politicians, Lord Eustace Percy, under the title, *Government in Transition*. In this book, whose programme shows strong Fascist influence, "Lord Eustace ends his inquiry in a purely utopian vein: he presents us to a society which has emerged out of the vices of the machine age and is prepared to resort to the simple crafts of the pre-machine age." (*Times*, January 19, 1934.) Here Conservatism in decadence looks longingly backward to the traditions of the pre-capitalist feudal reaction.

men and politicians, in the journalists and publicists, in the scientists and technicians. We have already seen how a *Times* editorial in 1930 could discuss "how perilously the machine has run ahead of man" and query "the advantages residing in a system which relies on the mass production of standardised articles" (March 8, 1930); or how the Hoover Research Committee in 1932 could speak of the possible necessity of a "slowing down of mechanical invention."*

In the same way Sir Alfred Ewing, delivering the Presidential address in 1932 to the British Association, the annual gathering of recognised, conventional bourgeois science, could declare:

In the present-day thinkers' attitude towards what is called mechanical progress we are conscious of a critical spirit. Admiration is tempered by criticism; complacency has given way to doubt; doubt is passing into alarm.

An old exponent of applied mechanics may be forgiven if he expresses something of the disillusion with which, now standing outside, he watches the sweeping pageant of discovery and invention in which he used to take unbounded delight. It is impossible not to ask, Whither does this tremendous procession tend? What after all is its goal? What its probable influence upon the future of the human race?

Man was ethically unprepared for so great a bounty. . . . More and more does mechanical production take the place of human effort. So man finds that, while he is enriched with a multitude of possessions and possibilities beyond his dreams, he is in great measure deprived of one inestimable blessing, the necessity of toil. . . . He has lost the joy of craftsmanship. . . . In many cases unemployment is thrust upon him, an unemployment that is more saddening than any drudgery.

* As an example of the popularisation by finance-capital of this reactionary propaganda in its most fantastic form may be noted an article prominently published in the millionaire-owned *Sunday Express* under the title, "Make Way for the Small Man," denouncing the illusion of "Progress" and the failure of "mass production," and calling for the return to "the small owner" as the ideal:

"The unit of the State is the self-supporting farm with first thoughts for subsistence and only second thoughts for the market—which might be mainly next door and consist of craftsmen supplying the needs of neighbouring farms. "This simple farm-and-craft relationship is essential to the health and wealth of any civilisation. . . . We should try to recover it." (*Sunday Express*, January 15, 1933.)

Naturally the finance-capitalists would be highly indignant if this infantile propaganda, which they broadcast by the most highly developed "mass-production" machinery, for the befogging of their readers, were suggested to be seriously applied to their mammoth undertakings, including their mammoth Press. The preaching of monopoly-capital against monopoly is an old story.

Nor is this tendency confined to theoretical expression; there are not wanting the first signs of experiments in practice. At Philadelphia, for example, the attempt was made to meet unemployment by substituting manual labour for machines in some departments of municipal work:

At Philadelphia the city has decided to abandon the use of a large number of machines in some departments of municipal work and use manual labour instead.

(New York Correspondent of the London *Times*,
December 12, 1930.)

Thus the final outcome of the most advanced centre of capitalist machine-development is to return to manual labour. The lesson of Philadelphia, the third greatest manufacturing city of the greatest manufacturing country of the capitalist world, is a sign and portent of where decaying capitalism would ultimately reach, if only it had the power to arrest development and stabilise.

In German Fascism this tendency is strongly to the front, and receives official encouragement by the Government. Thus the Thuringian Government in July 1933, prohibited the use of machinery for glass-blowing. The *Acht Uhr Abendblatt*, commenting on this decision with approval, declared:

This is the first example in modern times of the State stopping the metallic arms of the machine. Its steel limbs, by accomplishing the work which formerly gave nourishment to hundreds of human hands, have made the machine the mother of working-class misery.

On July 15, 1933, the Reich Government issued an Act prohibiting the installation of any further machines for rolling tobacco leaves and the re-starting of any established machinery which had ceased working.

The preamble to the Act states that the progressive mechanisation of the cigar industry was in process of destroying the livelihood of the population of certain districts. . . . Machinery has rendered superfluous about 80,000 workers, or five-sixths of the present labour force. . . . It is stated that the output of rolling machines is about 1,000 to 1,200 cigars an hour, while that of a handworker is only 70. . . . The power given by the Act to the Ministers concerned

to limit production in mechanised undertakings is expected to ensure a gradual return to handwork.

(*Manchester Guardian Weekly*, September 15, 1933.)
In the beginning of 1934 it was reported from Germany:

The official policy towards the use of machinery is confused; special tax exemption was last year granted on installation of industrial machinery; but the party ideology rejects machinery; and Government prohibitions against its use increase. This week the instalment of automatic machines in the hollow-glass industry was forbidden; and production was limited. In the cement branch . . . the opening of new or expansion of old works has been forbidden. . . . Forbidding the use of machinery, the express aim of which is to keep production cost high in the interest of craftsmen producers, hampers export. The restriction policy is disliked by the more enterprising manufacturer.—(*Economist*, February 24, 1934.)

Return to handwork! Return to the Stone Age! Such is the final logical working out of the most advanced capitalism and Fascism.

In fact, the drive of capitalist competition events its realisation. Thus even in the German Government law for the prohibition of new machinery in the cigar-making industry, an exception was explicitly made in respect of production for export; and the contradiction underlying the whole policy is still more sharply brought out in the last extract cited above.

But wherever capitalism is able to reach towards fully secured close monopoly, which is the whole tendency and aim of modern capitalism (though never fully realised), and the whole essence of the economics of Fascism, the inevitably inseparable tendency to retrogression of technique and decay is at once visible (compare the frequent examples of buying up and suppression of new inventions by strongly established trusts). In the abstract theoretical hypothesis of capitalism being able to consolidate into a single world monopoly, such general decay would inevitably follow and indeed be the condition of its existence (virtual prohibition of extended reproduction of capital). Only in socialist monopoly does the incentive to improvement of technique remain, since every improvement of technique means an increase in general standards and diminution of labour.

The revolt of modern capitalist ideology against the machine can never be realised in practice; on the contrary, the capitalists are compelled to fight each other with ever sharper weapons.

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But this ever-growing, though unrealisable, aspiration of modern monopoly capitalism towards the cessation of all development of technique, is a symptom of an economic order in decay. Fascism, with its propaganda of the return to the primitive and the small-scale, alongside actual service in practice to all the requirements of the most highly concentrated finance-capital, is the complete and faithful expression of this profoundly reactionary character of modern monopoly capitalism, and of the deep contradiction at its root.

3. *The Revolt against Science.*

The more and more conscious reactionary role of modern capitalism, and the growing ideological revolt against the machine and sense of antagonism to the development of technique, necessarily expresses itself on a wide front in the entire ideological field. A transformation in the dominant trends of capitalist ideology becomes more and more conspicuous. This transformation expresses itself in the growing revolt against science, against reason, against cultural development, against all the traditional philosophical liberal conceptions which were characteristic of ascendant capitalism; in favour of religion, idealistic illusions, denial of the validity of science, mysticism, spiritualism, multiplying forms of superstition, cults of the primitive, cults of violence, racial charlatany ("blood" and "Aryan" nonsense) and all forms of obscurantism.

This tendency was already visible from the outset of the imperialist epoch, and especially before the war. It has enormously increased in the post-war period.

The relationship between science and the bourgeoisie has never in fact been an easy one. Only in the first revolutionary period of the bourgeoisie (in seventeenth-century England or in later eighteenth-century France) has there been real enthusiasm. In the nineteenth century, with the bourgeoisie in power, although the enormous profits to be won from the results of science led to universal official recognition, laudations and a somewhat stingy financial support, the suspicion was always present that the development of the scientific outlook might undermine the social foundations. Hence the gigantic battles of the nineteenth century over each advance of science. The leaders of nineteenth-century bourgeois science were still warriors in the midst of a widely hostile social camp. Educa-

tion was still in general jealously guarded on pre-scientific lines and under clerical control.

But what is conspicuous about the present period is that the offensive against science is to-day led, no longer merely by the professional reactionaries and clericalists, but above all by the majority of the more prominent, officially recognised and highly placed leaders of bourgeois science. The main bulk of the officially distinguished, be-knighted and decorated scientists of the bourgeoisie have openly joined the clerical camp. They proclaim with wearisome iteration the reconciliation of science and religion, the overthrow for the thousandth time of the errors of materialism, the limitations of scientific knowledge, and the supremacy of the "higher" aspects of life which cannot be approached along scientific lines. In a spate of lectures, essays, treatises and books, whose popular, vulgarising and often grossly unscientific character betrays their propagandist aim, they endeavour to utilise each new advance of research and discovery, not in order therefrom to reach a more scientific understanding of reality, but in order to throw doubt on the whole basis of science, and on this ground to proclaim the vindication of the particular tribal gods of their locality.

These utterances, still further vulgarised, are broadcast a millionfold by all the machinery of capitalist publicity as the "last word of science." In this way, at the same time as for technical and for strategic purposes science has to be more and more widely employed in practice, a basically reactionary and even anti-scientific outlook is endeavoured to be pumped into all the capitalist-controlled forms of "popular culture."

This transformation in outlook on the part of the responsible leaders of bourgeois science (with the honourable exceptions of a small and courageous minority) was recently illustrated in the treatment of the fiftieth anniversary of Darwin's death in 1932. This anniversary provided the opportunity for the entire forces of capitalist culture to proclaim, either the complete obsolescence of the theories of the hated Darwin, or alternatively, the complete reconciliation of Darwinism with the religious conceptions which he fought, and the final refutation of the atheism to which he secretly (Darwin's letter to Marx) adhered. The distinguished scientist and leading authority on Darwinism in England, Sir J. A. Thomson, wrote for general public consumption in the *Daily Telegraph* (April 19, 1932) under

the singular title: "Darwin Fifty Years After: We Now Accept Evolution, Yet Believe in a Creator":

There are some changes in our ideas since the hot-headed days that followed the publication of *The Origin of Species* in 1859.

Thus many of us are clear that there is no inconsistency in accepting the evolution idea and yet believing in a Creator who ordained the original Order of Nature in some very simple form.

The evolution theory does not try to "explain" things in the deeper sense. Evolutionists . . . leave to philosophy and religion all questions of purpose and meaning. This is a change for the better.

The shamed "agnosticism" of the nineteenth-century scientists has given place in the twentieth century to proclamation of "a Creator." This is an excellent example of the "progress backwards" of capitalism in decay.

A further example of the transformation was afforded by an inquiry into "The Religion of Scientists" conducted by the Christian Evidence Society and published under this title in 1932. A questionnaire was sent to all Fellows of the Royal Society; replies were received from 200. The results on some of the principal questions showed the following proportions:

1. Do you credit the existence of a Spiritual Domain?
Favourable, 121; Intermediate, 66; Unfavourable, 13.
2. Is belief in evolution compatible with belief in a Creator?
Favourable, 142; Intermediate, 52; Unfavourable, 6.
3. Does Science negative the idea of a personal God as taught by Jesus Christ?
Favourable (to Christianity), 103; Intermediate, 71; Unfavourable, 26.

Thus, omitting the intermediates, a "Spiritual Domain" (the expression is explained in the book as having been intended to mean the denial of materialism) wins by 9 to 1. "God" ("a Creator") wins by 23 to 1. Christianity wins by 4 to 1. These are the answers of a representative group of distinguished bourgeois scientists in 1932.

We are not here concerned with the philosophical or theoretical significance of this transformation. What is important for present purposes is the *social* significance and role of this development.

The general fact of this avowed transformation of outlook of the majority of outstanding official representatives of bourgeois

science, the loudly heralded movement against "materialism" and "the limitations of science," towards "idealism" and religion, is familiar ground. How far this alleged movement of opinion is really true of the best bourgeois scientists, or of the mass of younger working rank-and-file scientists, is less important than the fact that the dominant official influences both in the bourgeois scientific world, and in general bourgeois discussion, actively support, foster, patronise, encourage and in every possible way advertise and press forward this trend.

What is not equally clear to all is the direct connection of this ideological trend with the whole process of capitalism in decay. It is at once its reflection, and helps to carry it forward. The revolt against science, which bourgeois society to-day encourages in the ideological sphere, at the same time as it utilises science in practice, is not only the expression of a dying and doomed social class; it is an essential part of the campaign of reaction. This is the basis which helps to prepare the ground for all the quackeries and charlatannies of chauvinism, racial theories, anti-semitism, Aryan grandmothers, mystic swastikas, divine missions, strong-man saviours, and all the rest of the nonsense through which alone capitalism to-day can try to maintain its hold a little longer.

All this nonsense may appear on a cool view, when some particularly wild ebullition of a Hitler or a Goebbels about blood and the joy of the dagger and the Germanic man and the primeval forest, is produced, as highly irrational and even insane. But in fact it is as completely rational and calculated, for the present purposes of capitalism, as a machine-gun or a Zinoviev Letter election. There is method in the madness. For capitalism can no longer present any rational defence, any progressive role, any ideal whatever to reach the masses of the population. Therefore it can only endeavour to save itself on a wave of obscurantism, holding out fantastic symbols and painted substitutes for ideals in order to cover the reality of the universally hated moneybags. Fascism is the final reduction of this process to a completely worked out technique.

In unity with this revolt against science goes the general cultural reaction, the revolt against culture, the revolt against education, the curting down of education in all capitalist countries, the increasing reactionary discipline and militarisation in the universities and schools, and—the final and complete

symbol of the culminating stage revealed by Fascism—the burning of the books.*

4. *The Revolt against "Democracy" and Parliament.*

This economic, social and ideological process finds also its political reflection.

From the outset of the imperialist era liberalism and parliamentarism has in fact been on the wane.

Parliamentary democracy was essentially the form through which the rising bourgeoisie carried through its struggle against feudalism and against old privileged forms, carrying the working class in their wake in this struggle. On this basis was built up liberalism in its heyday in the nineteenth century. The workers were drawn in the tow of bourgeois liberal politics. It was the achievement of Marxism to cut through this bondage. In Britain, where the capitalist world monopoly gave the bourgeoisie superior resources and the possibility to create a privileged section of a minority of the workers, Marxism made the slowest progress, and liberal-labour politics survived longest.

As the class struggle of the proletariat against the bourgeoisie began to replace the old struggle against the pre-bourgeois forms, a political shifting followed. The old Liberal Parties began to wane before Social Democracy; the bourgeoisie increasingly coalesced with the remnants of the older (monarchist, militarist, landowning) forces. Nevertheless, parliamentary democracy remained as the most useful basis of the bourgeoisie for the deception of the masses and holding in of the class struggle, so long as this means of restraining the workers was adequate.

To-day, when the intensification of the class struggle can no longer be held in by these forms, the bourgeoisie increasingly

* A sidelight from another angle of the anti-intellectual movement of capitalism in decline is afforded by the following extract from the technical journal, *The Illustrated Carpenter and Builder*:

"Nowadays admission to many factories depends on passing 'intelligence tests'. . . . These tests are not always designed to select the most intelligent of applicants; for in a certain Continental factory the management admit that they use intelligence tests to eliminate the alert and intelligent among the applicants, because the work is so sub-divided and mechanised that its monotony has the effect of turning intelligent workers into Communists."

It is a striking indication of the social and cultural decay inherent in the final stages of capitalism, when elaborate scientific methods begin to be used, no longer to promote, but to *eliminate* intelligence from among the workers, because intelligent workers become Communists.

turns its back on parliamentary democracy in favour of more direct and open forms of coercion and the authoritarian state. This is a measure of the weakening of the bourgeoisie.

The era of imperialism, of centralised monopoly capitalism, already increasingly made the parliamentary democratic forms a caricature. While in appearance the extension of the suffrage was increasing "democracy," in reality the governing role was being directly removed from parliament and concentrated in the executive, into the Cabinet, and from the Cabinet into the Inner Cabinet, and even into extra-parliamentary forms (Committee of Imperial Defence, etc.) wholly removed from "democracy," (so the preparation of the war of 1914: compare the statement of the Conservative, Lord Hugh Cecil, that the war was decided "not by the House of Commons or by the electorate, but by the concurrence of Ministers and Ex-Ministers," letter to the *Times*, April 29, 1916.) Corresponding to the realities of monopoly capitalism, the routine of government was in fact in the hands of an increasingly strengthened and centralised bureaucracy; effective power and the decision of policy lay with the handful of leaders of finance-capital; while the puppet-show of parliament, responsible Ministers, elections and nominally opposing parties, became increasingly recognised as a decorative appendage of the Constitution for purposes of window-dressing. This was equally conspicuous in the "democracies" of the United States, France and Britain.

Nevertheless, Liberalism enjoyed one last blooming in the earlier or pre-war period of imperialism—but in the new form of Liberal imperialism with its deceptive programme of "social reform." The super-profits of imperialism provided the means in the imperialist countries to endeavour to buy off the revolt of the advancing workers with a show of meagre concessions to a minority. Bismarck had already shown the way to utilise "social reform" legislation, alongside coercion, in order to endeavour to stem the advance of Socialism. On the basis of imperialist exploitation was built up the short-lived twentieth-century renaissance of Social Reform Liberalism of the Lloyd George era, which tried to stem the rising tide of working-class revolt with a loudly advertised show of concessions and concern for the "condition of the people," and with noisy campaigns of denunciation of the landlords and the aristocracy, while the real aims of imperialism and war-preparation were

pressed forward, and all the forces of the State were employed against the militant working-class struggle.

The Social Democratic and Labour Parties after the war tried to carry forward the role of Social Reform Liberal Imperialism, but under basically changed conditions—in a far more advanced stage of the class struggle, and in the midst of the crisis and decline of capitalism. Therefore they could not attain any corresponding measure of success; the appeal they could make to the masses on behalf of parliamentary reformism no longer evoked enthusiasm; the reforms they could achieve were limited by the economic crisis, the weakening national finances, and the weight of the war-debts they had to carry; the repressive and coercive measures they had to exercise against the class struggle were far heavier.

But even the limited measure of social reform concessions began to break down and dwindle under the pressure of the economic crisis. With the rising colonial revolts, the basis of imperialism began to weaken. The stream of super-profits diminished; the conflict of the rival monopolist capitalisms became more intense. Thus a reverse movement set in, no longer to the extension of social concessions, but on the contrary to the cutting down and withdrawal of concessions already granted. This process received its powerful demonstration in the history and fall of the Second Labour Government and the crisis of 1931.

From this point the class struggle is forced increasingly into the open, bursting through the thin cover of liberal and parliamentary democratic illusions. Even Social Democracy is forced to speak of the "collapse of reformism" and the "end of social reform," and the consequent inevitability of a "frontal" attack on capital (so the general propaganda line of the Leicester Labour Party Conference in 1932), at the same time as it merges in practice still more completely into alliance with monopoly capitalism and repression of the workers (the "Public Corporations" line, etc.). The confrontation of the working class and capitalism can no longer be covered by liberal and reformist pretences of improving conditions under capitalism.

From this point the demand becomes increasingly strong from the representatives of capitalism for the throwing aside or modification of the old parliamentary democratic forms, which no longer serve their purpose, and the establishment of open

and strengthened forms of repression and dictatorship. The revolt against "democracy" and "parliament," which was already marked in bourgeois circles before the war, but was still confined in direct expression to the narrower reactionary circles, now becomes general in all current expression. The demand of an Owen Young for a "holiday of parliaments" ("If a holiday of armaments is good, a holiday of parliaments would be better," speech at the Lotus Club, New York, on December 6, 1930); or of a Sir William Beveridge for "a world dictator" (Halley Stewart lecture in February 1932); or the announcement of a Gordon Selfridge to the American Chamber of Commerce in London on his return from the United States that "as an American he spoke to fifty representative men in America, and did not find one who disagreed with his view that democracy in that great country could not possibly succeed as a system of government . . . a country should be managed as a great business was managed" (*Times*, June 22, 1932): these and a thousand similar expressions are typical of the present outlook of the representatives of finance-capital, and are paralleled by the sceptical tone of the parliamentarians themselves, the openly anti-parliamentary tone of the Press, or of the once "progressive" literary intelligentsia (Shaw, Wells), no less than the direct attacks of a Churchill, Lloyd or Tardieu.

The Social Democratic and Labour Parties, moving parallel with capitalism, undergo a similar transformation of outlook, and begin to speak increasingly of the "limitations of parliament" and the necessity of strengthening "discipline" and "authority" in the State ("Neo-Socialism" in France, the Socialist League propaganda in England; see also Laski's *Democracy in Crisis*, 1933, and Vandervelde's *L'Alternative*, 1933, for the weakening of the old abstract-democratic assumptions),

The practice of modern capitalism moves increasingly away from parliamentary-democratic forms to strengthened and more open coercion and class-dictatorship. This applies not only to the directly Fascist states, but also to the diminishing number of imperialist states which still remain nominally "democratic." The Roosevelt emergency powers, and the National Government in Britain, represent stages and phases of a process of transformation, corresponding in some respects to the Brüning stage in Germany. Modern legislation increases the powers of the executive, of the bureaucracy and of the police, and more

and more restricts the limits of the legal working-class movement, of the right of meeting and association, and of the right to strike. This process of the "transformation of democracy" in the Western imperialist countries, and preparation of the ground for Fascism, is further examined in a later chapter.

The stream against parliamentary democracy is rising on all sides, although this does not mean that capitalism has yet exhausted its uses. But the real issue is commonly confused by the vulgar propagandist treatment that the attack on "democracy" is a parallel attack of Communism and Fascism. On the contrary. The critique of Communism or Marxism against capitalist democracy is not that it is "too democratic," but that it is "not democratic enough," that it is in reality only a deceitful cover for capitalist dictatorship, and that real democracy for the workers can only be achieved when the proletarian dictatorship breaks the power of the capitalist class. The movement of modern capitalism, on the other hand, against parliamentary democracy is a movement to strengthen repression of the working class and establish the open and violent dictatorship of monopoly capital. The reality of this issue between oligarchic dictatorship and working-class freedom breaks through the old illusory trappings of parliamentary democracy.

5. "National Self-Sufficiency."

A no less strongly marked expression of the modern tendencies of capitalism is the movement towards so-called "national self-sufficiency," "autarchy," "national planning," "isolationism," etc. This tendency has come most strongly to the front since the world economic crisis, and the breakdown of the World Economic Conference revealed its strength. This development is the logical working out of imperialist decay.

Of this tendency as the dominant tendency in the latest phase of world politics the League of Nations economic expert, Sir Arthur Salter, wrote in his standard work *Recovery* in 1931:

World trade may be restricted to small dimensions, through every country excluding imports of everything which (at whatever expense) it can make or produce at home. Along this line of development, America might withdraw within herself, arresting and almost abandoning her foreign investments, sacrificing her export trade, and cultivating an isolated self-sufficiency

on the lower level of prosperity which this would necessitate. As the world closed against her, Great Britain might be forced to supplement such preferential trade with the Dominions and India as may be practicable, with a policy of exploiting and closing in her non-self-governing Empire from the rest of the world, against all the traditions and principles of her history. This line of development would mean loss to every country, impoverishment to countries like Switzerland which have no similar resources, and an organisation of the world into separate units and groups which would soon be dangerous and ultimately fatal to world peace. It is along this path that the world is now proceeding.

(Sir Arthur Salter, *Recovery*, pp. 192-3.)

This description, although faithfully reflecting one side of the tendency, and to some extent indicating the possible outcome, is not a fully correct description of the actual process. For, while the propaganda speaks in terms of internal self-sufficiency, the reality of the policy remains the fight of the imperialist powers, on the basis of this strengthened internal organisation, *for the world market*.

In fact, the movement towards the closed monopolist area is not in itself new, but is inherent in the whole development of imperialism, whose essential character is the denial and ending of free trade. What is new is only the extreme intensity with which this monopolist policy is now pursued, and the complexity of the weapons which are now brought into play for its realisation.

Not only the old tariff weapons, which are now brought to unheard of heights, but a host of new weapons—surtaxes variable at a moment's notice, quotas, embargos, exchange restrictions, currency control, complex trade alliances, State subsidies, and direct State economic control—are now brought into play by the imperialist giants in their ever more desperate conflict for closed markets, for privileged areas of exploitation, and for control of the sources of raw materials.

The intensified conflict of the imperialist Powers for the shrinking world market makes this development to new and ever fiercer weapons of economic warfare, and essentially reactionary choking of the channels of free world trade, not merely some foolish and mistaken policy of particular statesmen, but the *inevitable* development and working out of the inner laws of imperialism. In vain the theoretical economic experts of the League of Nations throw up their hands in distress and deplore

the universal "loss" and "impoverishment" caused by such politics; in vain the international conferences of economic experts, as at Geneva in 1927, pass unanimous resolutions condemning the destructive barbarism of such intensified economic warfare and calling for its reversal. The reality moves in the opposite direction to the resolutions. For there is no world capitalism as a whole to adopt the "enlightened" policies so patiently and incessantly held out by the economic theorists and would-be reformers of capitalism; just here is the cardinal error of the Salters and all their company.* There is only the conflict of the rival imperialist powers; and in the conditions of this conflict the statesmen and leaders of finance-capital, however much they may regret the cost and the losses involved, see no alternative to the policies they find themselves compelled to pursue if they are not to go under. In the words of the British Chancellor of the Exchequer, on the eve of the World Economic Conference, explaining the necessity of maintaining economic warfare:

Much as all of us regretted the economic warfare which had arisen between us and other countries, we must maintain that warfare as long as it was the other countries which had taken the aggressive. (Neville Chamberlain in the House of Commons, June 2, 1933.)

"We must maintain that warfare;" the fault lies with "the other countries." This is the keynote of all the imperialist powers.

The most important expression of this transformation of * It is characteristic of this whole school that, after recording a hundred previous disappointments, Sir Arthur Salter concludes his Preface to the *Seventh* Edition of *Recovery* on January 1, 1933, with the hopeful statement: "The World Economic Conference affords the next occasion for a great constructive effort."

The history of 1933 provided the comment. Indeed, even the professional optimists of capitalism begin to lose heart. Salter writes further in the same Preface:

"The whole system under which our rich heritage of Western civilisation has grown up is at stake. Its fate depends, not only upon deliberate and concerted governmental action, but also upon constructive reform by those who organise and direct policy through every main sphere of economic activity. The sands are running out; but it is still not—quite—too late."

This was at the beginning of 1933 before the further aggravation of the issues during 1933. In fact, it was always "too late" from the outset for the imagined "constructive reform by those who organise and direct policy through every main sphere of economic activity," because in the conditions of post-war imperialism such "constructive reform" never was, and never could be, other than a Liberal civil servant's myth.

policy in the present period was the passing of British Imperialism in 1932 from the old free-trade basis to a general tariff and the policy of the closed Empire. The long survival of free trade in Britain reflected the remnants of the old commercial and financial world domination. The Chamberlain propaganda in the beginning of the imperialist era, and the strongly reinforced Empire Economic Unity propaganda after the war showed the pressing forward of the new forces. As late as 1926 the Bankers' Manifesto issued in that year still called for a general movement to lower tariffs and free trade. The Bankers' Manifesto of 1930, signed by all the most important financial leaders, marked the decisive turn, and the end of the last remains of the old era, with its declaration:

The immediate step for securing and extending the market for British goods lies in reciprocal trade agreements between the nations constituting the British Empire.

As a condition of securing these agreements, Great Britain must retain her open market for all Empire products, while being prepared to impose duties on all imports from all other countries.

The Ottawa Conference of 1932 marked the attempt to carry out this policy. Although in relation to the Dominions heavy concessions from Britain have only won small and doubtful gains, in relation to India and the Crown Colonies the policy is being pressed forward at full strength. The subsequent elaborate trading negotiations for exclusive agreements, the agricultural quota arrangements, and the use of the currency weapon to endeavour to organise a "sterling bloc," all mark the development of the new system.

Attempts are frequently made to present the new phase of intensified monopolist conflict in idealist form under cover of the slogans of "national planning," "national self-sufficiency," etc., or to compare it with the entirely opposite process of socialist construction of the Soviet Five-Year Plan. The manifest economic breakdown of the capitalist anarchy, contrasted with the simultaneous gigantic advance of the Soviet Five-Year Plan, led to an outburst of talk of "planning" in the capitalist world. A World Planning Congress was held at Amsterdam in 1931. A myriad abortive schemes for Five-Year Plans, Ten-Year Plans and Twenty-Year Plans were put forward in all the capitalist countries. The Trades Union Congress in 1931, true

to its line of alliance with capitalism and worship of "organised capitalism," adopted a resolution which declared:

This Congress welcomes the present tendency towards a planned and regulated economy in our national life.

(Belfast Trades Union Congress resolution, 1931.)

Needless to say, this description of the real process which is taking place is a complete deception. The conditions of private ownership of the means of production, and of production for profit, negate the elementary conditions for any real scientific economic planning, which requires a single ownership of the means of production and the organisation of production for use. The reality which is described under the euphemism of "a planned and regulated economy in our national life" is intensified monopolist organisation in a given imperialist area (not national area) for the purposes of sharpened world imperialist conflict and increased exploitation of the workers.

The complete passing over of the previous progressive elements in capitalism to the new reactionary policies is illustrated by the conversion of the former leading Liberal economic theorist, Keynes, in his articles on "National Self-Sufficiency" (*New Statesman and Nation*, July 8 and 15, 1933). Keynes writes:

I was brought up, like most Englishmen, to respect Free Trade not only as an economic doctrine which a rational and instructed person could not doubt but almost as a part of the moral law. I regarded departures from it as being at the same time an imbecility and an outrage. I thought England's unshakable Free Trade convictions, maintained for nearly a hundred years, to be both the explanation before man and the justification before heaven of her economic supremacy. As lately as 1923 I was writing that Free Trade was based on fundamental truths "which, stated with their due qualifications, no one can dispute who is capable of understanding the meaning of words."

Looking again to-day at the statements of these fundamental truths which I then gave, I do not find myself disputing them. Yet the orientation of my mind is changed; and I share this change of mind with many others.

He then sets out the drawbacks of which he has become aware in the working out of the system of international capitalism, and reaches the conclusion:

I sympathise therefore with those who would minimise, rather than

those who would maximise economic entanglements between nations. . . . I am inclined to the belief that, after the transition is accomplished, a greater measure of national self-sufficiency and economic isolation between countries than existed in 1914 may tend to serve the cause of peace rather than otherwise.

More fully, he declares:

We wish to be as free as we can make ourselves from the interferences from the outside world. . . . Ideas, knowledge, art, hospitality, travel—these are the things which should of their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible, and above all let finance be primarily national.

It will be seen that the outlook of Keynes has begun to approximate to that of Hitler. This is a valuable measure of capitalism in decay.

The reality behind the phraseology of a Keynes or other capitalist "national planners" must not be misunderstood. The belated discovery by Keynes of the naive, subjective and uncritical assumptions on which the old traditional "economic science" of the bourgeoisie, especially in its centre in England, was always based, does not here concern us. Marx long ago—in the middle nineteenth century—before, not after the event—laid bare the local, temporary and insular character of the free trade economic theory as only the reflection of the historically caused British capitalist supremacy; and showed also how this phase would necessarily pass, how British capitalist supremacy would disappear, and with it the accompanying free trade theory, and liberal free trade capitalism would pass into monopolist capitalism and the period of decay. However, the empiricist can only learn from the behind-side of history; only the impact of the event compels the bourgeois professors of economics to begin to grope for the source of their errors. Keynes, the faithful believer in the divine ordainment of free trade and British economic supremacy until 1923, in 1933 announces his disillusionment with the pride of a pioneer.

What is important, however, is that this disillusionment or "change of mind" which he "shares with many others" is only the reflection of the change of capitalism, which he translates into universal conclusions in exactly the same subjective and uncritical way as the old free trade theory which he now condemns. For in fact, the issue is no longer between inter-

national free trade capitalism and monopolist capitalism in its modern forms. That issue has long been settled in practice. At the present time history has placed on the order of the day a different issue, of which he is unaware. The daring "advance" which he believes himself to have made in his thought, with his conversion from old liberal fetishes to "national self-sufficiency," leaves him in reality still well in the rear of events as the faithful servitor of the ruling class; he has simply passed from being the servitor of one phase of capitalism to becoming the servitor of the next.

In reality, "national self-sufficiency" is only the ideal cover for the modern forms of monopolist capitalism, extreme intensification of antagonisms, and advance to Fascism and war.

Just as the imperialist blocs cover their predatory wars for the spoils of the world under cover of the slogan of "national defence," so they seek increasingly to-day to cover their monopolist economic organisation and warfare under cover of the slogan of "national self-sufficiency."

It is this advance to war which is the essential significance concealed behind the slogan of "national self-sufficiency."

6. *War as the Final "Solution."*

The culmination and final working out of all the new policies of capitalism under the stress of the world crisis is the advance to the second world war.

As the world economic crisis deepens and extends, it becomes more and more clear to the leaders of capitalism that no peaceful, constructive solution of the crisis is possible. International conference after international conference breaks down. Even such limited success as attends the measures of reorganisation, of strengthening and tightening up of monopolist economy and aggressive power, within each imperialism, only leads to the intensification of the world crisis as a whole. There is a renewed and ever more feverish pressing forward of armaments on all sides, and of industries connected with armaments. The World Disarmament Conference breaks down. The issue of "disarmament" passes into the issue of "re-armament." The war in the Far East, opened by Japan in 1931, develops with the development of the world economic crisis.

The short-lived "revival" of world production in certain branches of industry in the summer of 1933 illustrated this

process. This "revival" bore no relation to any solving of the basic contradictions underlying the crisis, which on the contrary became intensified. The disparity between production and consuming power increased. The "revival" was in fact openly a reflection of the gathering war process, a direct outcome of typical war-measures of inflation, state mobilisation of industry and increase of production of armaments and of industries associated with armaments. It was not accompanied by any corresponding revival of trade. For what market was this State-organised stimulation of production, most signally typified in the Roosevelt plan, being directed? The answer became increasingly clear with the development of events. The "future market" was to be the market of war.

The expression now begins to become open in capitalist circles that the only final "solution" of the crisis is war. In *The Means to Prosperity*, issued in 1933, Keynes notes the trend:

Cynics . . . conclude that nothing except a war can bring a major slump to its conclusion.

The New York financial journal, the *Annalist*, writes in the spring of 1933:

That there is a large possibility of a European war in the very near future can hardly be denied recognition. . . . We were lifted from a business depression in 1914 by the outbreak of a great war. It would be a curious repetition of function if another war should again come to our industrial rescue.

(New York *Annalist*, March 17, 1933.)

For the wolves and jackals of finance-capital, war represents "our industrial rescue."

The propaganda of war spreads. War begins to be presented as the heroic alternative, the last hope, the "way out" from the unending nightmare of economic crisis, misery and unemployment. Fascism, the most complete expression of modern capitalism, glorifies war. The filthy sophism "War means Work" begins to be circulated by the poison agencies of imperialism, and filters down to the masses. As Carlyle, in whom many antecedents of Fascism can be traced, wrote in his *Sartor Resartus*: "The lower people everywhere desire war. Not so unwisely; there is then a demand for lower people—to be shot." It is a measure of the stage reached by capitalist civilisation that to-day, before the leading capitalist countries—

other than Japan—are yet directly involved in war, while there are still nominally conditions of peace, it is possible for such an argument to be seriously presented and widely repeated and actually discussed, that murder is the only way to provide men and women with work and livelihood.

All to-day see the ever more visible approach of war. Rising alarm is expressed in many quarters of bourgeois opinion who see the ruin and destruction of the entire existing society involved in the menace of renewed world war. But these sections of anti-war opinion see only the question of war in isolation, and concentrate their efforts on capitalist "machinery" to avoid war, without realising that such machinery of imperialism can only function as machinery to organise the future war in the name of "ideal" symbols. Bourgeois pacifism, attached to the official League of Nations, and preaching passivity and non-resistance to the masses, becomes an indispensable part of the war-preparations of imperialism, and as such officially recognised and encouraged by all the war-making statesmen of imperialism. All the statesmen of imperialism, Roosevelt and MacDonald, Henderson and Paul-Boncour, Mussolini and Hitler, are to-day "pacifists" in their public utterances—and are actively pressing forward the preparation of imperialist war.

War is only the continuation and working out of the crisis of capitalism and of the present policies of capitalism. It is inseparable from these, and cannot be treated in isolation. All the policies of capitalist reorganisation, all the policies of Fascism, can only hasten the advance to war. This is equally true of the line of a Roosevelt, a MacDonald or a Hitler. War is no sudden eruption of a new factor from outside, a vaguely future menace to be exorcised by special machinery, but is already in essence implicit in the existing factors, in the existing driving forces and policies of capitalism.

All the existing policies of capitalism are policies of ever-sharpening war: of ever more formidably organised imperialist blocs; of tariff-war, of gold-war, of currency-war; of war with every possible economic, diplomatic and political weapon. It is no far step from these to the final stage of armed war.

All the existing policies of capitalism are more and more dominantly policies of destruction. The capitalists are to-day the destructive force in human society. All their most typical

modern policy, from super-tariffs and debt-enslavement of whole states to burning foodstuffs and devastating cotton plantations, from dismantling plant and machinery to throwing millions of skilled and able workers on the scrap-heap of starvation, is a policy of destruction of human effort and labour, strangling of production, destruction of life. War is only a continuation of this policy. It is no far step from spending millions of pounds to buy up machinery in order to destroy it, to spending millions to produce guns and warships and munitions to be blown up into the air. It is no far step from condemning millions of human beings to the death-in-life of unemployment as "superfluous," to the final solution of disposing of their lives and bodies by bomb and gas and chemical, for the greater profit of whatever group of capitalists can gain most in the redivision of the world by the holocaust.

But this does not mean that war, any more than Fascism, presents the final "solution" of the crisis of capitalism. On the contrary. War, like Fascism, is to-day the outcome of the intensified contradictions of capitalist society in decay; but neither solve those contradictions. On the contrary, both bring out those contradictions to the most extreme point, organise upon their basis, and lay bare the deep disintegration of existing society, both internally and internationally, to the point of destruction. The crisis extends and develops through these forms to yet greater intensity, and thereby only reveals the more sharply that the sole final solution lies in the social revolution.

7. The advance to war as the necessary accompaniment of the increasing imperialist antagonisms.

All these characteristics are typical, in greater or lesser degree, of all modern capitalist states, no less than of the specifically Fascist states.

In this wider sense it is possible to speak of the development towards Fascism of all modern capitalist states. The examples of the Roosevelt and Brüning regimes offer particular illustrations of near-Fascist or pre-Fascist stages of development towards complete Fascism within the shell of the old forms. Nor is it necessarily the case that the development to Fascism takes the same form in detail in each country.

The sum-total of the policies of modern capitalism provide already in essence and in germ the sum-total of the policies of Fascism. But they are not yet complete Fascism. The completed Fascist dictatorship is still only so far realised over a limited area. What is the specific character of complete Fascism? The specific character of complete Fascism lies in the *means* adopted towards the realisation of these policies, in the *new social and political mechanism* built up for their realisation.

This is the specific or narrower significance of Fascism in the sense of the Fascist movements or the completed Fascist dictatorships as realised in Italy, Germany and other countries. Fascism in this specific or narrower sense is marked by definite familiar characteristics: in the case of the Fascist movements, by the characteristics of terrorism, extra-legal fighting formations, anti-parliamentarism, national and social demagoguery, etc.; in the case of the completed Fascist dictatorships, by the suppression of all other parties and organisations, and in particular the violent suppression of all independent working-class organisation, the reign of terror, the "totalitarian" state, etc.

It is to this specific sense of Fascism, that is to say, to fully complete Fascism, that we now need to come.

1. *The Class-Content of Fascism.*

What, then, is Fascism in this specific or narrower sense? The definitions of Fascism abound, and are marked by the greatest diversity and even contradictory character, despite the identity of the concrete reality which it is attempted to describe. Fascism, in the view of the Fascists themselves, is a spiritual

CHAPTER IV

WHAT IS FASCISM?

WHAT is Fascism?

In the first three chapters of this book attention has been deliberately concentrated on the developing tendencies of modern capitalist society as a whole since the war, in place of limiting attention to the distinctively "Fascist" countries—Italy, Germany, etc.

Such a survey has revealed how close is the parallel which can be traced in every field, economic, political and ideological, between the increasingly dominant tendencies of theory and practice of all modern capitalism since the war and the professedly peculiar theory and practice of Fascism.

Fascism, in fact, is no peculiar, independent doctrine and system arising in opposition to existing capitalist society. Fascism, on the contrary, is the most complete and consistent working out, in certain conditions of extreme decay, of the most typical tendencies and policies of modern capitalism.

What are these characteristics which are common, subject to a difference in degree, to all modern capitalism and to Fascism? The most outstanding of these characteristics may be summarised as follows:

1. The basic aim of the maintenance of capitalism in the face of the revolution which the advance of productive technique and of class antagonisms threatens.
2. The consequent intensification of the capitalist dictatorship.
3. The limitation and repression of the independent working-class movement, and building up of a system of organised class-co-operation.
4. The revolt against, and increasing supersession of, parliamentary democracy.
5. The extending State monopolist organisation of industry and finance.
6. The closer concentration of each imperialist bloc into a single economic-political unit.

a return to statesmanship. Fascist rule insists upon the duty of co-operation.

Fascism itself is less a policy than a state of mind. It is the national observance of duty towards others.

It is manifest that all this verbiage is very little use to bring out the real essential character of Fascism.

In the first place, all these abstract general conceptions which are paraded as the peculiar outlook of Fascism have no distinctive character whatever, but are common to a thousand schools of bourgeois political philosophy, which are not yet Fascist, and in particular to all national-conservative schools. The generalisations of "duty of co-operation," "a high conception of others," "life as duty and struggle," "a high conception of citizenship," "the State above classes," "the common interest before self" (motto of the German National Socialist Programme), are the dreary commonplaces of all bourgeois politicians and petty moralisers to cover the realities of class domination and class-exploitation. The professedly distinctive philosophy of the idealisation of the State as an "absolute end" transcending all individuals and sections is only the vulgarisation of the whole school of Hegel and his successors, constituting the foundation of the dominant school of bourgeois political philosophy. In all these conceptions there is not a trace of original or distinctive thought.

In the second place, it is in fact incorrect to look for an explanation of Fascism in terms of a particular theory, in ideological terms. Fascism, as its leaders are frequently fond of insisting, developed as a movement in practice without a theory ("In the now distant March of 1919," says Mussolini in his Encyclopædia article, "since the creation of the Fascist Revolutionary Party, which took place in the January of 1915, I had no specific doctrinal attitude in my mind"), and only later endeavoured to invent a theory in order to justify its existence. Fascism, in fact, developed as a movement in practice, in the conditions of threatening proletarian revolution, as a counter-revolutionary mass movement supported by the bourgeoisie, employing weapons of mixed social demagoguery and terrorism to defeat the revolution and build up a strengthened capitalist state dictatorship; and only later endeavoured to adorn and rationalise this process with a "theory." It is in this actual historical process that the reality of Fascism must be

reality. It is described by them in terms of ideology. It represents the principle of "duty," of "order," of "authority," of "the State," of "the nation," of "history," etc.

Mussolini finds the essence of Fascism in the conception of the "State":

The foundation of Fascism is the conception of the State, its character, its duty and its aim. Fascism conceives of the State as an absolute, in comparison with which all individuals or groups are relative. . . . Whoever says Fascism implies the State.

(Mussolini's article on "Fascism" in the *Enciclopedia Italiana*, 1932, published in English under the title "The Political and Social Doctrine of Fascism," 1933.)

We further learn that "Fascism believes in holiness and in heroism"; "the Fascist conceives of life as duty and struggle and conquest, life which should be high and full, lived for oneself, but above all for others"; "Fascism combats the whole complex system of democratic ideology"; "Fascism believes neither in the possibility nor the utility of perpetual peace"; "the Fascist State is an embodied will to power"; "the Fascist State is not indifferent to the fact of religion"; "for Fascism the growth of Empire is an essential manifestation of virility"; "Fascism denies the materialist conception of happiness as a possibility"—and similar profound, and hardly very original philosophings in an endless string, the ordinary stock-in-trade of all Conservatism.

Luigi Villari, the semi-official exponent of Fascism in the *Encyclopædia Britannica*, writes:

The programme of the Fascists differs from that of other parties, as it represents for its members not only a rule of political conduct, but also a moral code.

Mosley in his *Greater Britain*, the official handbook of British Fascism, explains:

The movement is Fascist (1) because it is based on a high conception of citizenship—ideals as lofty as those which inspired the reformers of a hundred years ago; (2) because it recognises the necessity for an authoritative State, above party and sectional interests.

The Fascist, the organ of the Imperial Fascist League, defines Fascism (in its issue of August 1933):

Fascism is defined as a patriotic revolt against democracy, and

found, and not in the secondary derivative attempts *post festum* at adornment with a theory.

No less unsatisfactory are the attempted anti-Fascist interpretations of Fascism in terms of ideology or abstract political conceptions. The conventional anti-Fascist ideological interpretations of Fascism see in Fascism only the principle of "dictatorship" or "violence." This approach, which is the hallmark of the liberal and social democratic schools of thought in relation to Fascism, sees Fascism as the parallel extreme to Communism, both being counterposed to bourgeois "democracy." Fascism is defined as "Dictatorship from the Right" in contrast to Communism as "Dictatorship from the Left" (this line is characteristically expressed in the Labour Party Manifesto of March 1933, on "Democracy versus Dictatorship" in explanation of the Labour refusal of the united working-class front against Fascism).

It is evident that this definition of Fascism is equally useless as an explanation of the real essential character of Fascism.

"Dictatorships from the Right" have existed and can exist in hundreds of forms without in any sense constituting Fascism. Tsarism was a "Dictatorship from the Right." But Tsarism was not Fascism. The White Guard dictatorships immediately after the war for crushing the revolution were "Dictatorships from the Right." But these White Guard dictatorships were not yet Fascism, and only subsequently began to develop Fascist characteristics as they began to try to organise a more permanent basis (subsequent evolution in Hungary and Finland). Fascism may be in fact a reactionary dictatorship. But not every reactionary dictatorship is Fascism. The specific character of Fascism has still to be defined.

Wherein, then, lies the specific character of Fascism?

The specific character of Fascism cannot be defined in terms of abstract ideology or political first principles.

The specific character of Fascism can only be defined by laying bare its *class-basis*, the system of *class-relations* within which it develops and functions, and the *class-role* which it performs. Only so can Fascism be seen in its concrete reality, corresponding to a given historical stage of capitalist development and decay.

As soon, however, as we endeavour to come to the class-

analysis of Fascism we find ourselves confronted with a diametrical opposition of two viewpoints.

In the one viewpoint Fascism is presented as an independent movement of the middle class or petit-bourgeoisie in opposition to both the proletariat and to large-scale capital.

In the other viewpoint Fascism is presented as a weapon of finance-capital, utilising the support of the middle class, of the slum proletariat and of demoralised working-class elements against the organised working class, but throughout acting as the instrument and effective representative of the interests of finance-capital.

Only when we have cleared this opposition, and what lies behind it, can we finally come to the real definition of Fascism.

2. *Middle-Class Revolution or Dictatorship of Finance-Capital?*

Fascism is commonly presented as a "middle-class" (i.e., petit-bourgeois) movement.

There is an obvious measure of truth in this in the sense that Fascism in its inception commonly originates from middle-class (petit-bourgeois) elements, directs a great deal of its appeal to the middle class, to small business and the professional classes against the organised working class and the trusts and big finance, draws a great part of its composition, and especially its leadership, from the middle class, and is soaked through with the ideology of the middle class, of the petit-bourgeoisie under conditions of crisis. So far, there is common agreement as to the obvious facts.

But Fascism is also often presented as a middle-class movement in the sense of an *independent* movement of the middle class, as a "third party" independent of capital or labour, *in opposition* to both the organised working class and large-scale capital. The Fascist dictatorship is accordingly presented as a "conquest of power" by the middle class in opposition to both the organised working class and to the previous domination of finance-capital.

This conception is common in liberal and social democratic treatment of Fascism.

Thus the liberal-labour *New Statesman and Nation* writes (October 28, 1933):

The collapse of capitalism does not at all necessarily lead to the seizure of power by the proletarians, but more probably to the

dictatorship of the middle class. This is surely the Achilles heel of Communist theory.

Brailsford, the leading theorist of English Social Democracy, writes:

If the Marxist conception of history be sound, somewhere surely on the surface of this stricken planet the increasing misery of the workers should have produced some aggressive stirring. That is nowhere the case.

There is, however, an aggressive class which has made in one great industrial country its revolutionary stroke. The German Nazis are emphatically the party of the small middle class. . . .

This class rose and captured the machinery of the State, because it was "miserable" and desperate. It shrank in terror from the menace of large-scale commerce.

(H. N. Brailsford, "No Hands Wanted," *New Clarion*, July 8, 1933.)

And again:

A militant middle class, with its dare-devil younger generation to lead it, faces the organised workers. If on both sides there has developed a distrust in parliamentary procedure, and a contempt for its dilatory and irresolute ways, the issue between them can be decided only by force.

The class which first decides to organise itself for this new phase will enter the contest with an overwhelming advantage.

(H. N. Brailsford, "Will England Go Fascist?" *News-Chronicle*, November 28, 1933.)

The *Socialist Review* in January 1929 published an article entitled "The Third Nation," arguing that "the assumption at the root of all Communist theory" of a basic division between the capitalists and the proletariat as the decisive issue of modern society was false:

Apart from the capitalists and the proletariat—and between them—there is a third class. Here, then, is the fundamental question for Marxists: Does this class exhibit the characteristics of a subject class, about to make a bid for supremacy?

A possible answer is that, in one country—Italy—they have already emerged as a revolutionary class. The Fascist revolution was essentially a revolution of the third class.

The American would-be "Marxist" journal, the *Modern Monthly*, says in an editorial on "What is Fascism?":

The first task of the Fascist dictatorship was to wrest state power

from the hands of the private bankers, industrialists and landlords who possessed it. . . .

The Fascist dictatorship, it is clear, then, became possible only because of the two factors above noted: first, the crisis in imperialism and the consequent collapse of ruling-class power and policy, and, secondly the rise of a belligerent lower middle-class which provided a mass basis for its assumption of power.

(V. F. Calverton in the *Modern Monthly*, July, 1933.)

Even Scott Nearing's otherwise fruitful and valuable study of "Fascism" is marred by this same basic theory of Fascism as a petit-bourgeois revolution:

At the centre of the Fascist movement is the middle class, seeking to save itself from decimation or annihilation by seizing power and establishing its own political and social institutions. It therefore has the essential characteristics of a social revolutionary movement, since its success means the shift of the centre of power from one class to another. . . .

Fascism arises out of the revolt of the middle class against the intolerable burdens of capitalist imperialism.

(Scott Nearing, "Fascism," *Vanguard Press*, New York, p. 42.)

This separation of Fascism from the bourgeois dictatorship reaches its extreme point in the official Labour Party and Trades Union Congress organ, the *Daily Herald*, which, on May 2, 1933, after the full demonstration of the real character of Hitlerism in practice, still looked hopefully towards it to carry out some form of "socialist" programme against big capital:

The "National-Socialists," it is essential to remember, call themselves "Socialist" as well as "National." Their "Socialism" is not the Socialism of the Labour Party, or that of any recognised Socialist Party in other countries.

But in many ways it is a creed that is anathema to the big landlords, the big industrialists and the big financiers.

And the Nazi leaders are bound to go forward with the "Socialist" side of their programme.

(*Daily Herald* editorial on "Hitler's May Day," May 2, 1933.)

Thus Fascism in the view of the Labour Party is almost a wing of Socialism, a rather unorthodox variety of Socialism, but "anathema to the big landlords, the big industrialists and the big financiers" (who, curiously enough, maintained it in funds

ment, solely through the direct protection of the bourgeois dictatorship. Fascism is able to count on the assistance of the greater part of the State forces, of the higher army staffs, of the police authorities, and of the lawcourts and magistracy, who exert all their force to crush working-class opposition, while treating Fascist illegality with open connivance (banning of the Red Front alongside permission of the Storm Troops).*

Finally, has Fascism "conquered power" from the bourgeois state dictatorship? Fascism has never "conquered power" in any country. In every case Fascism has been placed in power from above by the bourgeois dictatorship. In Italy Fascism was placed in power by the King, who refused to sign the decree of martial law against it, and invited Mussolini to power; Mussolini's legendary "March on Rome" took place in a Wagon-Lit sleeping-car. In Germany Fascism was placed in power by the President, at a time when it was heavily sinking in support in the country, as shown by the elections.

The bourgeoisie, in fact, has in practice passed power from one hand to the other, and called it a "revolution," while the only reality has been the intensified oppression of the working class.

After the establishment of the full Fascist dictatorship, the policy has been still more openly and completely, despite a

* For the protection of Fascism by the lawcourts and police, and savage vindictiveness against all working-class defence, see Mowrer, *op. cit.*, Ch. xviii. For the same process in Italy, see Salvemini, *The Fascist Dictatorship*, Vol. I. Salvemini relates (p. 71) how in 1920 the Liberal Giolitti Cabinet, with Bonomi, the Reformist Socialist, as Minister for War, "thought that the Fascist offensive might be utilised to break the strength of the Socialists and Communists" and "therefore allowed the chiefs of the Army to equip the Fascists with rifles and lorries and authorised retired officers and officers-on-leave to command them." The "March on Rome" was led by six Army Generals (p. 153). The pro-Fascist *Survey of Fascism*, 1928, admits that Fascism in Italy grew up "not without a certain toleration and even some assistance from high quarters" (p. 38). Mowrer confesses himself unable to understand why the pre-Fascist governments in Germany tolerated the growth of Fascism. "It is inconceivable that any German Chancellor, even a clerical militarist like Heinrich Brüning, should have allowed the constitution and training of such a force, armed or unarmed. Why he did so has never been satisfactorily settled—perhaps never will be" (p. 277). There is no mystery, no more with Brüning than with Giolitti, once the class realities of bourgeois policy and Fascism are clearly understood. In Germany, the officers who led the Kapp Putsch were never sentenced; a worker who shot a Kapp rebel was sentenced to fifteen years hard labour. Hitler, for his armed revolt against the State in 1923, was given a light sentence of detention, and released in a few months. The beginnings of the same process of discrimination by the lawcourts, with leniency to the early hooliganism of the nascent Fascist movements and savage sentencing of workers' attempts at self-defence, are already visible in Britain.

and finally placed it in power). The same day that this article appeared in the British Labour and trade union organ, this party whose creed was "anathema to the big landlords, the big industrialists and the big financiers" seized and closed down the workers' trade unions in Germany.

It is evident that this view of Fascism as a petit-bourgeois revolution against the big bourgeoisie is incorrect in fact, and dangerous in the extreme to any serious understanding of the real character of Fascism and of the fight against it.

That it is incorrect in fact is manifest from the most elementary survey of the actual history, development, basis and practice of Fascism. The open and avowed supporters of Fascism in every country are the representatives of big capital, the Thyssens, Krupps, Monds, Deterdings and Owen Youngs.

Fascism, although in the early stages making a show of vague and patently disingenuous anti-capitalist propaganda to attract mass-support, is from the outset fostered, nourished, maintained and subsidised by the big bourgeoisie, by the big landlords, financiers and industrialists.*

Further, Fascism is only enabled to grow, and is saved from being wiped out in the early stages by the working-class move-

* See Mowrer, *Germany Puts the Clock Back*, 1933, p. 117, for a characteristic report of a private conversation of a leading Jewish banker in Berlin who "to a somewhat bewildered gathering in a drawing-room in plutocratic Berlin unctuously explained how for years he had been a heavy subsidiser of the National Socialists." The financial backing of Hitler by big industry was already laid bare in the Hitler-Ludendorff trial of 1924 and in the Bavarian Diet Investigation Committee. "In later years the list of the alleged financial patrons of the National Socialist Movement became extremely long. Factory owners, managers, general counsel (syndici) were as thick as they might be on the subscription list of the Republican National Committee in the United States" (Mowrer, p. 144). Foreign supporters were stated to include Deterding, Kreuger and Ford. Paul Faure stated in the French Chamber of Deputies on February 11, 1935, that the foreign financial backers of the Nazis included the directors of the Skoda armaments firm, controlled by Schneider-Creusot. The reader should consult Ernst Henri's *Hitler Over Europe* (1934) for the most detailed examination of the financial backing and control of National Socialism since 1927 by the Ruhr Steel Trust elements dominated by Thyssen: "Thyssen persuaded the two political centres of German Ruhr capital, the 'Bergbauverein Essen' and the 'Nordwestgruppe der Eisen-und Stahlindustrie' to agree that every coal and steel concern had, by way of a particular obligatory tax, to deliver a certain sum into the election funds of the National Socialists. In order to raise this money, the price of coal was raised in Germany. For the Presidential elections of 1932 alone Thyssen provided the Nazis with more than 3 million marks within a few days. Without this help the fantastic measures resorted to by the Hitler agitation in the years 1930-1933 would never have been possible" (pp. 11-12). For the general policy, see the statement of the *Deutsche Führerbrieft*, or confidential bulletin of the Federation of German Industries, quoted in the next chapter.

show of a few gestures of assistance to small capital, the most unlimited and ruthless policy of monopolist capital, with the whole machinery of Fascism mercilessly turned against those of its former supporters who have been innocent enough to expect some anti-capitalist action and called for a "second revolution."*

Fascism, in short, is a movement of mixed elements, dominantly petit-bourgeois, but also slum-proletarian and demoralised working class, financed and directed by finance-capital, by the big industrialists, landlords and financiers, to defeat the working-class revolution and smash the working-class organisations.

*The argument sometimes put forward that the elimination of Hugenberg from the Nazi-National Government represented a breach between the Nazis and Big Capital, and the defeat of the latter, is a childishly superficial attempt to substitute the fate of an individual for the really decisive social forces. Hugenberg was removed from the Nazi-National Government, not because he was a big capitalist, but because he was the leader of the National Party, and the completed Fascist system cannot tolerate the existence of two parties. Certainly, this reflects an undoubted and sharp division *within* the bourgeoisie, between the alternative methods of maintaining bourgeois rule, between the old traditional National Party mechanism and the new Nazi Party mechanism, to the necessity of which a great part of the bourgeoisie have only reconciled themselves with many misgivings and much anxiety for the future. But the Nazi method remains a method, although a hazardous one, of maintaining the rule of finance-capital. Finance-capital remains supreme, as was abundantly shown by the composition of the Provisional Supreme Economic Council appointed under the aegis of the Nazi Government. Its leading members included;

Herr Krupp von Bohlen, armaments king; private fortune, £6,000,000; capital represented, £15,000,000.
 Herr Fritz Thyssen, steel king; private fortune £6,000,000; capital interests German Steel Trust, £540,000,000.
 Herr F. C. Von Siemens, electrical king; private fortune, £6,500,000; capital represented, £12,500,000.
 Prof. Karl Bosch, Dye Trust millionaire; private fortune, £2,000,000; capital represented, £55,000,000.
 Dr. A. Vogler, German Steel Trust; private fortune, £6,000,000; capital represented, £40,000,000.
 Herr A. Diehn, director Potash Syndicate; capital represented, £10,000,000.
 Herr Bochringer, director Maximilian Steel Works; capital, £1,500,000.
 Herr F. von Schroeder, banker.
 Herr A. von Finck, banker.
 Herr F. Reinhart, banker.

This glittering galaxy of the leaders of German finance-capital is sufficient proof of the relations of the Nazis and finance-capital. The subsequent further reorganisation of German industry, announced in March 1934, in twelve industrial groups, under the control of the principal large capitalists in each group, and under the general leadership, for heavy industry and also for industry as a whole, of Herr Krupp von Bohlen, has still more conspicuously illustrated this process of systematisation of Nazi rule as the most complete and even statutory domination of Monopoly Capital.

3. *The Middle Class and the Proletariat.*

This question of the role of the middle class or petit-bourgeoisie, in relation to the working class and to the big bourgeoisie, is so important for the whole dynamic of present capitalist society and the social revolution, that it deserves fuller clearing.

The controversy over the role of the middle class, or many and varied intermediate strata between the bourgeoisie and the proletariat (small business men, small and middle peasantry, handicraftsmen, independent workers, small rentiers, liberal professions, technical, managerial and commercial employees) is no new one. In the nineteenth century Marx had dealt very fully with the economic and political situation and tendencies of these elements. He had shown how these middle elements were increasingly ground between the advance of large capital and of the proletariat, with growing numbers from their ranks falling into proletarian or semi-proletarian conditions; he had shown their vacillating and unstable political role, now siding with the bourgeoisie and now with the proletariat, torn between their bourgeois prejudices, traditions and aspirations, and the actual process of ruination and proletarianisation at work among them; and he had shown how the proletariat should win the alliance of the lower strata of the peasantry and urban petit-bourgeoisie under its leadership in order to conquer power.

In the beginning of the imperialist era the question of the middle class was anew raised sharply to the forefront by Bernstein and the Revisionists in the last years of the nineteenth century and the first years of the twentieth. The Revisionists challenged Marx's teaching of the increasing proletarianisation of the middle strata and consequent increasing sharpness of the issue between capitalism and the proletariat. On the contrary, they argued that the middle class was growing, and pointed to the figures of income returns, property returns and shareholding, to prove the growth of the middle class. On this basis they denied Marx's revolutionary teaching, saw instead the increasing harmony of classes and democratisation of capital, and looked to the gradual peaceful advance towards socialism through capitalist reorganisation, social reform and State intervention.

What the Revisionists really represented, as is now abundantly clear, was the growth of the "new middle class" of

salariated employees of capitalism. In fact the process predicted by Marx was abundantly realised through the course of the nineteenth century. The concentration of capital went forward at an increasing pace. Large-scale capital pressed small-scale capital to the wall. The former small owners and independent workers became, as Marx said, "overseers and underlings." In this way a "new middle class" came more and more to the front, based on the increasing disappearance of the old independent small owners. This new middle class resembled the old in its two-faced position and outlook, between the bourgeoisie and the proletariat, and its dreams of occupying an "independent" position above the class struggle; but it was already dependent for its livelihood on employment under large capital, and no longer primarily on its own property. Thus the development of this new middle class was in fact a stage in the process of proletarianisation, in the increasing divorce of the ever-widening mass of the population from an independent property basis; and its lower strata began to draw closer to the proletariat and to the proletarian movement (beginnings of "middle-class" trade unionism, recruiting to social democracy). The distinctive outlook of this new middle class was typically expressed in England by Fabianism and the leadership of the Independent Labour Party.

Against the Revisionists, the Marxists were easily able to show, not only that the development of this new middle class increasingly replacing the old was in reality a phase of the process of proletarianisation, but that further economic development was in turn affecting the position of this new middle class, and creating a crisis in its ranks and a new stage of proletarianisation. The overstocking of the professional market, the turning out from the universities and technical schools of increasing numbers beyond the possibilities of employment, and the cutting down of personnel through the further concentration of businesses, was already before the war creating a more and more sharp crisis of the new middle class.

This crisis of the middle class (both old and new) has been carried enormously forward in the post-war period. The operations of finance-capital—inflation, currency and exchange manipulations, share-juggling, monopoly prices and heavy taxation—have played havoc with small savings and investments, and with the old stability of middle-class incomes. At

the same time unemployment and redundancy in all the professions has reached desperate heights.

"Throughout the Continent," wrote Keynes in his *Treatise on Monetary Reform* (p. 16), "pre-war savings of the middle class, so far as they were invested in bonds, mortgages or bank deposits, have been largely or entirely wiped out." The German property valuation returns showed that the number of those owning from thirty to fifty thousand marks worth of property (£1,500 to £2,500) fell from over 500,000 in 1913 to 216,000 in 1925; owners of from fifty to a hundred thousand marks (£2,500 to £5,000) fell from nearly 400,000 in 1913 to 136,000 in 1925. Although, despite the disillusionment of the wiping out of their savings by inflation, the middle class began hopefully to save anew after stabilisation, the total of savings rapidly began to fall after the economic crisis, and is now threatened anew by the new wave of world inflation. In Britain, a marked decline in small savings is noticeable in the post-war period even before the world economic crisis. Thus while in 1909-13 the Post Office Savings Bank accounts registered a net increase of £12 million, in 1923-7 they registered a net decrease of £17 million, as well as a net decrease of government securities standing to their holders' credit by £18 million, or a total decline of £35 million; Trustee Savings Banks showed a net decline of £12 million; after allowances, against this, the net increase in National Savings Certificates in the same period by £14 million, there is still left a total loss in these main forms of small savings between 1923-7 of £33 million (*Economist*, February 23, 1929).

If the impoverishment of the small middle class alongside the enrichment of monopoly capital is thus a characteristic feature of the post-war period, even more so is the increasingly desperate situation of overcrowding in the professions. The world economic crisis brought this situation to an extreme point.

In Germany, it was reported that of 8,000 graduates from the technical colleges and universities in 1931-2, only 1,000 found employment in their professions. According to a statement issued by the Prussian Minister of Education, of 22,000 teachers who completed their training in 1931-2, only 990 found posts. "Engineers have become mere wage-earners; while of the technical school engineering graduates only one in five found any job at all" (H. H. Tiltman, *Slump*, 1932, p. 75).

R. Schairer in *Die Akademische Berufsnot*, 1932, reported that 45,000 graduated students were unemployed, and that this figure, it was estimated, would, in the absence of remedial measures, reach 105,000 by 1935. Here we can see a large part of the social basis for the desperate armies of Fascism.

The impoverished and desperate middle class is driven from its former philistine slumbers into political activity. But this political activity takes on a new character. Whereas the Bernsteinian dreams had seen in the middle class a stabilising and harmonising factor in the social structure, wedded to liberalism and social reform, and smoothing over the antagonism of classes, the new dispossessed and ruined middle-class elements break out as an extremely unstable, violent force potentially revolutionary or, alternately, ultra-reactionary, without clear social basis or consciousness, but recklessly seeking any line of immediate action, which may offer a hope of immediate relief (relief from debts, State aid to small businesses, smashing the large stores, etc.) or the prospect of jobs (the new bureaucracy, mercenary fighting forces, displacement of Jews, war).

In what direction, however, can these middle-class elements turn their political activity? They can in practice only line up in the service of either finance-capital or of the proletariat. The myth of their "independent" role, of the "third party," is still endeavoured to be hung before them. The Liberal Yellow Book, characteristically enough, endeavoured to make much of "the third party in industry" as the force of the future. But these dreams are soon shattered by reality. For the ownership of the means of production is decisive, and to this the middle class can never aspire. Either finance-capital, owning the means of production, can seek to make the middle class its auxiliary, giving a measure of employment, if diminishingly in production, then at any rate increasingly in the tasks of violent coercion of the working class (fascist militia, police-officer class, fascist bureaucracy). Or the proletariat, socialising the means of production, can at last give full scope to all the useful trained and technical abilities within the middle class in the gigantic tasks of social reconstruction. These are the only two alternatives before the middle class. The first is the line of Fascism. The second is the line of Communism.

The true interests of the majority of the middle class, of all the

lower strata of the middle class, lie with the proletariat, with the line of Communism. Finance-capital is the enemy and exploiter of both sections. The line of Fascism of service with finance-capital against the working class, means in fact no solution for the economic crisis of the middle class; alongside privileges and rewards for a handful, it means intensified servitude, oppression and spoliation of the majority of the middle class at the hands of the great trusts and banks.

Where the working-class movement is strong, follows a revolutionary line, and is able to stand out as the political leader of the fight of all oppressed sections against large capital, there the mass of the petit-bourgeoisie is swept in the wake of the working class. This was the general situation in the post-war revolutionary wave of 1919-20. During this time Fascism could win no hold.

But where the working-class movement fails to realise its revolutionary role, follows the leadership of Reformism and thus surrenders to large capital, and even appears to enter into collaboration with it, there the discontented petit-bourgeois elements and declassed proletarian elements begin to look elsewhere for their leadership. On this basis Fascism is able to win its hold. In the name of demagogic slogans against large capital and exploiting their grievances, these elements are drawn in practice into the service of large capital.

4. *The Definition of Fascism.*

Fascism is often spoken of as a consequence of Communism. "Reaction of the 'Left,'" declared the Labour Manifesto on "Democracy and Dictatorship" in 1933, "is displaced by triumphant reaction of the 'Right.'" With strikingly similar identity of outlook to the Labour Party, the Conservative leader, Baldwin, also declared: "Fascism is begotten of Communism out of civil discord. Whenever you get Communism and civil discord, you get Fascism" (House of Commons, November 23, 1933).

The reality shows the exact contrary. The examples are now sufficient to make certain a generalisation beyond the possibility of dispute.

Where the majority of the working class has followed the line of Communism (the Soviet Union), Fascism has not been able to appear.

Where the majority of the working class has followed the line of Reformism (Germany, Italy, etc.), there at a certain stage Fascism invariably grows and conquers.

What is the character of that stage? That stage arises when the breakdown of the old capitalist institutions and the advance of working-class movement has reached a point at which the working class should advance to the seizure of power, but when the working class is held in by reformist leadership.

In that case, owing to the failure of decisive working-class leadership to rally all discontented strata, the discredited old regime is able to draw to its support under specious quasi-revolutionary slogans all the wavering elements, petit-bourgeoisie, backward workers, etc., and on the very basis of the crisis and discontent which should have given allies to the revolution, build up the forces of reaction in the form of Fascism. The continued hesitation and retreat of the reformist working-class leadership at each point (policy of the "lesser evil") encourages the growth of Fascism. On this basis Fascism is able finally to step in and seize the reins, not through its own strength, but through the failure of working-class leadership. The collapse of bourgeois democracy is succeeded, not by the advance to proletarian democracy, but by the regression to fascist dictatorship.*

We are now in a position to reach our general definition of the character of Fascism, the conditions of its development and its class-rule. This definition has received its most complete scientific expression in the Programme of the Communist International in 1928:

Under certain special historical conditions the progress of the bourgeois, imperialist, reactionary offensive assumes the form of Fascism.

These conditions are: instability of capitalist relationships; the existence of considerable declassed social elements, the pauperisation of broad strata of the urban petit-bourgeoisie and of the intelligentsia; discontent among the rural petit-bourgeoisie, and, finally, the constant menace of mass proletarian action. In order to stabilise

* Reference may be made to the present writer's suggested definition of the conditions of the advance to Fascism, written in 1925:

"Fascism arises where a powerful working-class movement reaches a stage of growth which inevitably raises revolutionary issues, but is held in from decisive action by reformist leadership. . . . Fascism is the child of Reformism" (*Labour Monthly*, July 1925).

The subsequent events in Germany have abundantly illustrated the truth of this.

and perpetuate its rule the bourgeoisie is compelled to an increasing degree to abandon the parliamentary system in favour of the fascist system, which is independent of inter-party arrangements and combinations.

The Fascist system is a system of direct dictatorship, ideologically masked by the "national idea" and representation of the "professions" (in reality, representation of the various groups of the ruling class). It is a system that resorts to a peculiar form of social demagogy (anti-Semitism, occasional sorties against usurer's capital and gestures of impatience with the parliamentary "talking shop") in order to utilise the discontent of the petit-bourgeoisie, the intellectual and other strata of society; and to corruption through the building up of a compact and well-paid hierarchy of Fascist units, a party apparatus and a bureaucracy. At the same time, Fascism strives to permeate the working class by recruiting the most backward strata of the workers to its ranks, by playing upon their discontent, by taking advantage of the inaction of Social Democracy, etc.

The principal aim of Fascism is to destroy the revolutionary labour vanguard, i.e., the Communist sections and leading units of the proletariat. The combination of social demagogy, corruption and active White terror, in conjunction with extreme imperialist aggression in the sphere of foreign politics, are the characteristic features of Fascism. In periods of acute crisis for the bourgeoisie, Fascism resorts to anti-capitalist phraseology, but, after it has established itself at the helm of State, it casts aside its anti-capitalist rattle, and discloses itself as a terrorist dictatorship of big capital.

Alongside of this may be placed the parallel analysis of Fascism in the Resolution on the International Situation of the same Sixth Congress of the Communist International in 1928:

The characteristic feature of Fascism is that, as a consequence of the shock suffered by the capitalist economic system and of special objective and subjective circumstances, the bourgeoisie—in order to hinder the development of the revolution—utilises the discontent of the petty and middle, urban and rural bourgeoisie and even of certain strata of the declassed proletariat, for the purpose of creating a reactionary mass movement.

Fascism resorts to methods of open violence in order to break the power of the labour organisations and those of the peasant poor, and to proceed to capture power.

After capturing power, Fascism strives to establish political and organisational unity among all the governing classes of capitalist society (the bankers, the big industrialists and the agrarians), and to establish their undivided, open and consistent dictatorship. It

places at the disposal of the governing classes armed forces specially trained for civil war, and establishes a new type of State, openly based on violence, coercion and corruption, not only of the petit-bourgeois strata, but even of certain elements of the working class (office employees, ex-reformist leaders who have become government officials, trade union officials and officials of the Fascist Party, and also poor peasants and declassed proletarians recruited into the Fascist militia).

The further characteristics of Fascism indicated in the above analysis, both in respect of its advance to power, and of its programme and practice after power, it will now be necessary to examine.

CHAPTER V

HOW FASCISM CAME IN ITALY

In the light of this general understanding of the character and role of Fascism, and of the conditions of its development, it is now possible to examine more closely the concrete historical manifestations of Fascism, and, in particular, its development in Italy and Germany.

For this purpose it is necessary first to review the conditions of the transition to Fascism in these countries. It is then necessary to examine more closely the programme and practice of Fascism, especially as demonstrated in these two leading countries.

I. *The Priority of Italian Fascism.*

Why did Fascism, the outstanding development of modern capitalist policy, develop its first distinctive and complete form in Italy, a secondary capitalist country?

The question bears a certain analogy to the question often asked why the world proletarian revolution should have conquered first, not in the most advanced capitalist country, but in the relatively less-developed Russia.

In both cases a general world development of the imperialist epoch first reached its specific form, not at the main centres of world imperialism, but at that point where the complex of conditions, of extreme contradictions, made its appearance first possible, and only more slowly spread beyond the original country.

The reasons for the opening of the world socialist revolution in Russia have long been cleared. Russia was the weakest link of world imperialism: it represented the combination, on the one side, of the weakest bourgeoisie and of the greatest corruption and collapse of the old regime; and on the other side, of the most politically developed proletariat, of the highest proportion of the proletariat in large-scale industry, and of the most conscious and highly trained revolutionary party of the proletariat in established leadership of the majority of the workers.